



# CITY OF LODI

## COUNCIL COMMUNICATION

**AGENDA TITLE:** Tax and Revenue Anticipation Note

**MEETING DATE:** May 19, 1993

**PREPARED BY:** Finance Director

- RECOMMENDED ACTION:**
1. That the City Council by motion authorize the Mayor to enter into an agreement with the California Statewide Communities Development Authority (CSCDA) to issue "Tax and Revenue Anticipation Notes" (TRANS).
  2. That the City Council approve the attached resolution authorizing the borrowing of \$4,000,000 for Fiscal Year 1993-94 and issuance and sale of a 1993-94 Tax and Revenue Anticipation Note as a participant in the "California Cash Flow Financing Program".
  3. That the City Council authorize by motion the Mayor to execute the attached resolution

**BACKGROUND INFORMATION:** The League of California Cities and the California State Association of Counties have joined together to provide a Pooled Tax and Revenue Anticipation Note Program. The program is being offered through the California Statewide Communities Development Authority, a joint powers authority established to assist California communities with financing programs. Upon becoming a member of the California Statewide Communities Development Authority, the City of Lodi will be able to participate in the California Cash Flow Financing Program for Fiscal Year 1993-94. The advantages of this financing program include:

- \* Reduced issuance expenses because expenses are shared.
- \* The ability to attain the highest short term credit rating available through the Joint Powers Authority issuing structure.
- \* Increased market access resulting in lower interest cost.
- \* Effective and efficient standardized documentation and credit criteria.
- \* Streamlined issuance process resulting in less work for the City.

### Tax and Revenue Anticipation Notes

Tax and revenue anticipation notes (TRANS) are issued to eliminate cash-flow deficits in the general fund and other unrestricted funds before receipt of taxes and other revenues during the same fiscal year. In addition to eliminating cash-flow deficits, benefits include: (1) increased cash balances available for investment; (2) interest rates on TRANS are typically 1.5% to 4% below available reinvestment rates; and, (3) the difference between the borrowing rate and the reinvestment rate can be retained.

APPROVED: \_\_\_\_\_

THOMAS A. PETERSON  
City Manager



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In the present fiscal crises faced by California cities, Tax and revenue anticipation notes are becoming increasingly popular as a means to raise revenues. This is the only financing vehicle which the Federal and State government allow local agencies to retain investment earnings from borrowed monies.

#### **Financing Team**

Following a competitive bid process, CSCDA assembled a financing team to be managed by Sutro & Co. Incorporated, acting as the managing underwriter of the program. Sutro has considerable experience working with issuers of tax and revenue anticipation notes and pioneered pooled TRANS programs in California.

Orrick Herrington & Sutcliff will act as bond counsel for the program. Orrick is a nationally recognized law firm which specializes in tax exempt municipal finance, is the largest such law firm in California, and has considerable experience in the area of pooled TRANS programs.

HB Capital will serve as Financial Advisor for the CSCDA program and will coordinate the efforts of the financing team, and the League of California Cities.

#### **Legal Structure**

Each participant in the CSCDA program will issue an individual note obligation. The note obligation must be authorized by resolution of the City Council as directed by Article 7.6, Chapter 4, Part 1, Division 2, Title 5 under Section 53580 of the California Government Code. The City will be responsible for the repayment of its note obligation and has no responsibility for the repayment of notes issued by other participants in the program. The following timetable has been adopted by CSCDA for participants:

<b>Date</b>	<b>Action</b>
April	City completes Credit Questionnaire and prepares cash flow statements.
April - May	City Council approval
May 31, 1993	City completes Closing Questionnaire
June	Establish interest rate, prepare and sign closing documentation
July 1, 1993	Closing and delivery of funds to City

#### **Documentation Required by CSCDA**

Exhibit A is the "Amended and Restated Joint Exercise of Powers Agreement Relating to the California Statewide Communities Development Authority" which must be approved by the City Council and signed by the Mayor.

Exhibit B is the model "Local Agency Resolution" required by Bond Counsel and which must be approved by the City Council at the scheduled meeting May 19, 1993 and signed by the Mayor.

Exhibit C is the "Indenture" by and between the U.S. Trust Company of California, N.A. and the California Statewide Communities Development Authority provided as information only. The Indenture will be completed by CSCDA July 1, 1993. No action is required by the City.

Exhibit D is the "Purchase Agreement" which will be completed in June after pricing. No action needed at this time but will require the signature of the Mayor in late June.

## **ANALYSIS**

Due to the uneven pattern of revenues and expenditures in the General Fund, the General Fund periodically has a cash deficit. This necessitates the internal borrowing from other funds, which in turn lowers the interest income to the City.

This situation is common among municipal governments. An increasing practice among cities is to issue a Tax and Revenue Anticipation Note (TRAN). The TRAN can be issued for an amount that will alleviate the deficit in the General fund. The use of a TRAN recognizes that the deficit is only a temporary condition caused by the difference in revenues and expenditures and that the General Fund will be able to provide for the payback before the end of the fiscal year.

The advantage of using a TRAN as opposed to internal borrowing is that the City can sell the TRAN at a lower interest rate than the City is earning on its investments. Although driven by market conditions, the net income to the City should be roughly 2% of the outstanding TRAN. If the City issues a TRAN for \$4 million, the additional interest income to the General Fund will be \$65,000 which is not subject to rebate.

## **FISCAL IMPACT**

The proposed TRAN will be issued for a period of 12 months. The General Fund will recognize interest income to the extent that interest earnings exceed interest expense and issuance cost. Staff expects that this will be approximately \$65,000 (Exhibit E). Included are the cash flow projections and general fund revenue projections for Fiscal Year 1993-94.

## **COORDINATION**

This report with attachments has been reviewed and approved by the City Attorney

H.D. Flynn  
Finance Director

## **Attachments**

- Exhibit A - Amended and Restated Joint Exercise of Powers Agreement
- Exhibit B - A Resolution of the Lodi City Council Authorizing the Borrowing of Funds
- Exhibit C - Draft Indenture
- Exhibit D - Purchase Agreement
- Exhibit E - TRAN 1993-94 Earnings (estimated)

A

AMENDED AND RESTATED  
JOINT EXERCISE OF POWERS AGREEMENT  
RELATING TO THE CALIFORNIA STATEWIDE COMMUNITIES  
DEVELOPMENT AUTHORITY

THIS AGREEMENT, dated as of June 1, 1988, by and among the parties executing this Agreement (all such parties, except those which have withdrawn in accordance with Section 13 hereof, being herein referred to as the "Program Participants"):

WITNESSETH

WHEREAS, pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State of California (the "Joint Exercise of Powers Act"), two or more public agencies may by agreement jointly exercise any power common to the contracting parties; and

WHEREAS, each of the Program Participants is a "public agency" as that term is defined in Section 6500 of the Government Code of the State of California, and

WHEREAS, each of the Program Participants is empowered to promote economic development, including, without limitation, the promotion of opportunities for the creation or retention of employment, the stimulation of economic activity, and the increase of the tax base, within its boundaries; and

WHEREAS, a public entity established pursuant to the Joint Exercise of Powers Act is empowered to issue industrial development bonds pursuant to the California Industrial Development Financing Act (Title 10 (commencing with Section 91500 of the Government Code of the State of California)) (the "Act") and to otherwise undertake financing programs under the Joint Exercise of Powers Act or other applicable provisions of law to promote economic development through the issuance of bonds, notes, or other evidences of indebtedness, or certificates of participation in leases or other agreements (all such instruments being herein collectively referred to as "Bonds"); and

WHEREAS, in order to promote economic development within the State of California, the County Supervisors Association of California ("CSAC"), together with the California Manufacturers Association, has established the Bonds for Industry program (the "Program").



**WHEREAS**, in furtherance of the Program, certain California counties (collectively, the "Initial Participants") have entered into that certain Joint Exercise of Powers Agreement dated as of November 18, 1987 (the "Initial Agreement"), pursuant to which the California Counties Industrial Development Authority has been established as a separate entity under the Joint Exercise of Powers Act for the purposes and with the powers specified in the Initial Agreement; and

**WHEREAS**, the League of California Cities ("LCC") has determined to join as a sponsor of the Program and to actively participate in the administration of the Authority; and

**WHEREAS**, the Initial Participants have determined to specifically authorize the Authority to issue Bonds pursuant to Article 2 of the Joint Exercise of Powers Act ("Article 2") and Article 4 of the Joint Exercise of Powers Act ("Article 4"), as well as may be authorized by the Act or other applicable law; and

**WHEREAS**, the Initial Participants desire to rename the California Counties Industrial Development Authority to better reflect the additional sponsorship of the Program; and

**WHEREAS**, each of the Initial Participants has determined that it is in the public interest of the citizens within its boundaries, and to the benefit of such Initial Participant and the area and persons served by such Initial Participant, to amend and restate in its entirety the Initial Agreement in order to implement the provisions set forth above; and

**WHEREAS**, it is the desire of the Program Participants to use a public entity established pursuant to the Joint Exercise of Powers Act to undertake projects within their respective jurisdictions that may be financed with Bonds issued pursuant to the Act, Article 2, Article 4, or other applicable provisions of law; and

**WHEREAS**, the projects undertaken will result in significant public benefits, including those public benefits set forth in Section 91502.1 of the Act, an increased level of economic activity, or an increased tax base, and will therefore serve and be of benefit to the inhabitants of the jurisdictions of the Program Participants;

**NOW, THEREFORE**, the Program Participants, for and in consideration of the mutual promises and agreements herein contained, do agree to amend and restate the Initial Agreement in its entirety to provide as follows:

### **Section 1. Purpose.**

This Agreement is made pursuant to the provisions of the Joint Exercise of Powers Act, relating to the joint exercise of powers common to public agencies, in this case being the Program Participants. The Program Participants each possess the powers referred to in the recitals hereof. The purpose of this Agreement is to establish an agency for, and with the purpose of, issuing Bonds to finance projects within the territorial limits of the Program Participants pursuant to the Act, Article 2, Article 4, or other applicable provisions of law; provided, however that nothing in this Agreement shall be construed as a limitation on the rights of the Program Participants to pursue economic development outside of this Agreement, including the rights to issue Bonds through industrial development authorities under the Act, or as otherwise permitted by law.

Within the various jurisdictions of the Program Participants such purpose will be accomplished and said powers exercised in the manner hereinafter set forth.

### **Section 2. Term.**

This Agreement shall become effective in accordance with Section 18 as of the date hereof and shall continue in full force and effect for a period of forty (40) years from the date hereof, or until such time as it is terminated in writing by all the Program Participants; provided, however, that this Agreement shall not terminate or be terminated until the date on which all Bonds or other indebtedness issued or caused to be issued by the Authority shall have been retired, or full provision shall have been made for their retirement, including interest until their retirement date.

### **Section 3. Authority.**

#### **A. CREATION AND POWERS OF AUTHORITY.**

(1) Pursuant to the Joint Exercise of Powers Act, there is hereby created a public entity to be known as the "California Statewide Communities Development Authority" (the "Authority"), and said Authority shall be a public entity separate and apart from the Program Participants. Its debts, liabilities and obligations do not constitute debts, liabilities or obligations of any party to this Agreement.

#### **B. COMMISSION.**

The Authority shall be administered by a Commission (the "Commission") which shall consist of seven members, each

serving in his or her individual capacity as a member of the Commission. The Commission shall be the administering agency of this Agreement, and, as such, shall be vested with the powers set forth herein, and shall execute and administer this Agreement in accordance with the purposes and functions provided herein.

Four members of the Commission shall be appointed by the governing body of CSAC and three members of the Commission shall be appointed by the governing body of LCC. Initial members of the Commission shall serve a term ending June 1, 1991. Successors to such members shall be selected in the manner in which the respective initial member was selected and shall serve a term of three years. Any appointment to fill an unexpired term, however, shall be for such unexpired term. The term of office specified above shall be applicable unless the term of office of the respective member is terminated as hereinafter provided, and provided that the term of any member shall not expire until a successor thereto has been appointed as provided herein.

Each of CSAC and LCC may appoint an alternate member of the Commission for each member of the Commission which it appoints. Such alternate member may act as a member of the Commission in place of and during the absence or disability of such regularly appointed member. All references in this Agreement to any member of the Commission shall be deemed to refer to and include the applicable alternate member when so acting in place of a regularly appointed member.

Each member or alternate member of the Commission may be removed and replaced at any time by the governing body by which such member was appointed. Any individual, including any member of the governing body or staff of CSAC or LCC, shall be eligible to serve as a member or alternate member of the Commission.

Members and alternate members of the Commission shall not receive any compensation for serving as such but shall be entitled to reimbursement for any expenses actually incurred in connection with serving as a member or alternate member, if the Commission shall determine that such expenses shall be reimbursed and there are unencumbered funds available for such purpose.

#### C. OFFICERS; DUTIES; OFFICIAL BONDS.

The Commission shall elect a Chair, a Vice-Chair, and a Secretary of the Authority from among its members to serve for such term as shall be determined by the Commission. The Commission shall appoint one or more of its officers or

employees to serve as treasurer, auditor, and controller of the Authority (the "Treasurer") pursuant to Section 6505.6 of the Joint Exercise of Powers Act to serve for such term as shall be determined by the Commission.

Subject to the applicable provisions of any resolution, indenture or other instrument or proceeding authorizing or securing Bonds (each such resolution, indenture, instrument and proceeding being herein referred to as an "Indenture") providing for a trustee or other fiscal agent, the Treasurer is designated as the depository of the Authority to have custody of all money of the Authority, from whatever source derived.

The Treasurer of the Authority shall have the powers, duties and responsibilities specified in Section 6505.5 of the Joint Exercise of Powers Act.

The Treasurer of the Authority is designated as the public officer or person who has charge of, handles, or has access to any property of the Authority, and such officer shall file an official bond with the Secretary of the Authority in the amount specified by resolution of the Commission but in no event less than \$1,000. If and to the extent permitted by law, any such officer may satisfy this requirement by filing an official bond in at least said amount obtained in connection with another public office.

The Commission shall have the power to appoint such other officers and employees as it may deem necessary and to retain independent counsel, consultants and accountants.

The Commission shall have the power, by resolution, to the extent permitted by the Joint Exercise of Powers Act or any other applicable law, to delegate any of its functions to one or more of the members of the Commission or officers or agents of the Authority and to cause any of said members, officers or agents to take any actions and execute any documents or instruments for and in the name and on behalf of the Commission or the Authority.

#### D. MEETINGS OF THE COMMISSION.

##### (1) Regular Meetings.

The Commission shall provide for its regular meetings; provided, however, it shall hold at least one regular meeting each year. The date, hour and place of the holding of the regular meetings shall be fixed by resolution of the Commission and a copy of such resolution shall be filed with each party hereto.

(2) Special Meetings.

Special meetings of the Commission may be called in accordance with the provisions of Section 54956 of the Government Code of the State of California.

(3) Ralph M. Brown Act.

All meetings of the Commission, including, without limitation, regular, adjourned regular, special, and adjourned special meetings shall be called, noticed, held and conducted in accordance with the provisions of the Ralph M. Brown Act (commencing with Section 54950 of the Government Code of the State of California).

(4) Minutes.

The Secretary of the Authority shall cause to be kept minutes of the regular, adjourned regular, special, and adjourned special meetings of the Commission and shall, as soon as possible after each meeting, cause a copy of the minutes to be forwarded to each member of the Commission.

(5) Quorum.

A majority of the members of the Commission which includes at least one member appointed by the governing body of each of CSAC and LCC shall constitute a quorum for the transaction of business. No action may be taken by the Commission except upon the affirmative vote of a majority of the members of the Commission which includes at least one member appointed by the governing body of each of CSAC and LCC, except that less than a quorum may adjourn a meeting to another time and place.

E. RULES AND REGULATIONS.

The Authority may adopt, from time to time, by resolution of the Commission such rules and regulations for the conduct of its meetings and affairs as may be required.

Section 4. Powers.

The Authority shall have any and all powers relating to economic development authorized by law to each of the parties hereto and separately to the public entity herein created, including, without limitation, the promotion of opportunities for the creation and retention of employment, the stimulation of economic activity, and the increase of the tax base, within the jurisdictions of such parties. Such powers shall include the common powers specified in this

Agreement and may be exercised in the manner and according to the method provided in this Agreement. All such powers common to the parties are specified as powers of the Authority. The Authority is hereby authorized to do all acts necessary for the exercise of such powers, including, but not limited to, any or all of the following: to make and enter into contracts; to employ agents and employees; to acquire, construct, provide for maintenance and operation of, or maintain and operate, any buildings, works or improvements; to acquire, hold or dispose of property wherever located; to incur debts, liabilities or obligations; to receive gifts, contributions and donations of property, funds, services and other forms of assistance from persons, firms, corporations and any governmental entity; to sue and be sued in its own name; and generally to do any and all things necessary or convenient to the promotion of economic development, including without limitation the promotion of opportunities for the creation or retention of employment, the stimulation of economic activity, and the increase of the tax base, all as herein contemplated. Without limiting the generality of the foregoing, the Authority may issue or cause to be issued bonded and other indebtedness, and pledge any property or revenues as security to the extent permitted under the Joint Exercise of Powers Act, including Article 2 and Article 4, the Act or any other applicable provision of law.

The manner in which the Authority shall exercise its powers and perform its duties is and shall be subject to the restrictions upon the manner in which a California county could exercise such powers and perform such duties until a California general law city shall become a Program Participant, at which time it shall be subject to the restrictions upon the manner in which a California general law city could exercise such powers and perform such duties. The manner in which the Authority shall exercise its powers and perform its duties shall not be subject to any restrictions applicable to the manner in which any other public agency could exercise such powers or perform such duties, whether such agency is a party to this Agreement or not.

#### **Section 5. Fiscal Year.**

For the purposes of this Agreement, the term "Fiscal Year" shall mean the fiscal year as established from time to time by the Authority, being, at the date of this Agreement, the period from July 1 to and including the following June 30, except for the first Fiscal Year which shall be the period from the date of this Agreement to June 30, 1988.

#### Section 6. Disposition of Assets.

At the end of the term hereof or upon the earlier termination of this Agreement as set forth in Section 2 hereof, after payment of all expenses and liabilities of the Authority, all property of the Authority both real and personal shall automatically vest in the Program Participants and shall thereafter remain the sole property of the Program Participants; provided, however, that any surplus money on hand shall be returned in proportion to the contributions made by the Program Participants.

#### Section 7. Bonds.

The Authority shall issue Bonds for the purpose of exercising its powers and raising the funds necessary to carry out its purposes under this Agreement. Said Bonds may, at the discretion of Authority, be issued in series.

The services of bond counsel, financing consultants and other consultants and advisors working on the projects and/or their financing shall be used by the Authority. The fees and expenses of such counsel, consultants, advisors, and the expenses of CSAC, LCC, and the Commission shall be paid from the proceeds of the Bonds or any other unencumbered funds of the Authority available for such purpose.

#### Section 8. Bonds Only Limited and Special Obligations of Authority.

The Bonds, together with the interest and premium, if any, thereon, shall not be deemed to constitute a debt of any Program Participant, CSAC, or LCC or pledge of the faith and credit of the Program Participants, CSAC, LCC, or the Authority. The Bonds shall be only special obligations of the Authority, and the Authority shall under no circumstances be obligated to pay the Bonds or the respective project costs except from revenues and other funds pledged therefor. Neither the Program Participants, CSAC, LCC, nor the Authority shall be obligated to pay the principal of, premium, if any, or interest on the Bonds, or other costs incidental thereto, except from the revenues and funds pledged therefor, and neither the faith and credit nor the taxing power of the Program Participants nor the faith and credit of CSAC, LCC, or the Authority shall be pledged to the payment of the principal of, premium, if any, or interest on the Bonds nor shall the Program Participants, CSAC, LCC, or the Authority in any manner be obligated to make any appropriation for such payment.

No covenant or agreement contained in any Bond or Indenture shall be deemed to be a covenant or agreement of any

member of the Commission, or any officer, agent or employee of the Authority in his individual capacity and neither the Commission of the Authority nor any officer thereof executing the Bonds shall be liable personally on any Bond or be subject to any personal liability or accountability by reason of the issuance of any Bonds.

#### **Section 9. Local Approval.**

A copy of the application for financing of a project shall be filed by the Authority with the Program Participant in whose jurisdiction the project is to be located. The Authority shall not issue Bonds with respect to any project unless the governing body of the Program Participant in whose jurisdiction the project is to be located, or its duly authorized designee, shall approve, conditionally or unconditionally, the project, including the issuance of Bonds therefor. Action to approve or disapprove a project shall be taken within 45 days of the filing with the Program Participant. Certification of approval or disapproval shall be made by the clerk of the governing body of the Program Participant, or by such other officer as may be designated by the applicable Program Participant, to the Authority.

#### **Section 10. Accounts and Reports.**

All funds of the Authority shall be strictly accounted for. The Authority shall establish and maintain such funds and accounts as may be required by good accounting practice and by any provision of any Indenture (to the extent such duties are not assigned to a trustee of Bonds). The books and records of the Authority shall be open to inspection at all reasonable times by each Program Participant.

The Treasurer of the Authority shall cause an independent audit to be made of the books of accounts and financial records of the Agency by a certified public accountant or public accountant in compliance with the provisions of Section 6505 of the Joint Exercise of Powers Act. In each case the minimum requirements of the audit shall be those prescribed by the State Controller for special districts under Section 26909 of the Government Code of the State of California and shall conform to generally accepted auditing standards. When such an audit of accounts and records is made by a certified public accountant or public accountant, a report thereof shall be filed as public records with each Program Participant and also with the county auditor of each county in which a Program Participant is located. Such report shall be filed within 12 months of the end of the Fiscal Year or Years under examination.



Any costs of the audit, including contracts with, or employment of, certified public accountants or public accountants in making an audit pursuant to this Section, shall be borne by the Authority and shall be a charge against any unencumbered funds of the Authority available for that purpose.

In any Fiscal Year the Commission may, by resolution adopted by unanimous vote, replace the annual special audit with an audit covering a two-year period.

The Treasurer of the Authority, within 120 days after the close of each Fiscal Year, shall give a complete written report of all financial activities for such Fiscal Year to each of the Program Participants to the extent such activities are not covered by the reports of the trustees for the Bonds. The trustee appointed under each Indenture shall establish suitable funds, furnish financial reports and provide suitable accounting procedures to carry out the provisions of said Indenture. Said trustee may be given such duties in said Indenture as may be desirable to carry out this Agreement.

#### **Section 11. Funds.**

Subject to the applicable provisions of each Indenture, which may provide for a trustee to receive, have custody of and disburse Authority funds, the Treasurer of the Authority shall receive, have the custody of and disburse Authority funds pursuant to the accounting procedures developed under Section 10 hereof, and shall make the disbursements required by this Agreement or otherwise necessary to carry out any of the provisions or purposes of this Agreement.

#### **Section 12. Notices.**

Notices and other communications hereunder to the Program Participants shall be sufficient if delivered to the clerk of the governing body of each Program Participant.

#### **Section 13. Withdrawal and Addition of Parties.**

A Program Participant may withdraw from this Agreement upon written notice to the Commission; provided, however, that no such withdrawal shall result in the dissolution of the Authority so long as any Bonds remain outstanding under an Indenture. Any such withdrawal shall be effective only upon receipt of the notice of withdrawal by the Commission which shall acknowledge receipt of such notice of withdrawal in writing and shall file such notice as an amendment to this Agreement effective upon such filing.

Qualifying public agencies may be added as parties to this Agreement and become Program Participants upon: (i) the filing by such public agency of an executed counterpart of this Agreement, together with a certified copy of the resolution of the governing body of such public agency approving this Agreement and the execution and delivery hereof; and (ii) adoption of a resolution of the Commission approving the addition of such public agency as a Program Participant. Upon satisfaction of such conditions, the Commission shall file such executed counterpart of this Agreement as an amendment hereto, effective upon such filing.

#### **Section 14. Indemnification.**

To the full extent permitted by law, the Commission may authorize indemnification by the Authority of any person who is or was a member or alternate member of the Commission, or an officer, employee or other agent of the Authority, and who was or is a party or is threatened to be made a party to a proceeding by reason of the fact that such person is or was such a member or alternate member of the Commission, or an officer, employee or other agent of the Authority, against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with such proceeding, if such person acted in good faith and in a manner such person reasonably believed to be in the best interests of the Authority and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of such person was unlawful and, in the case of an action by or in the right of the Authority, acted with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

#### **Section 15. Contributions and Advances.**

Contributions or advances of public funds and of the use of personnel, equipment or property may be made to the Authority by the parties hereto for any of the purposes of this Agreement. Payment of public funds may be made to defray the cost of any such contribution. Any such advance may be made subject to repayment, and in such case shall be repaid, in the manner agreed upon by the Authority and the party making such advance at the time of such advance.

#### **Section 16. Immunities.**

All of the privileges and immunities from liabilities, exemptions from laws, ordinances and rules, all pension, relief, disability, workers' compensation, and other benefits which apply to the activity of officers, agents or employees of Program Participants when performing their

respective functions within the territorial limits of their respective public agencies, shall apply to them to the same degree and extent while engaged as members of the Commission or otherwise as an officer, agent or other representative of the Authority or while engaged in the performance of any of their functions or duties extraterritorially under the provisions of this Agreement.

#### **Section 17. Amendments.**

Except as provided in Section 13 above, this Agreement shall not be amended, modified, or altered except by a written instrument duly executed by each of the Program Participants.

#### **Section 18. Effectiveness.**

This Agreement shall become effective and be in full force and effect and a legal, valid and binding obligation of each of the Program Participants at 9:00 a.m., California time, on the date that the Commission shall have received from each of the Initial Participants an executed counterpart of this Agreement, together with a certified copy of a resolution of the governing body of each such Initial Participant approving this Agreement and the execution and delivery hereof.

#### **Section 19. Partial Invalidity.**

If any one or more of the terms, provisions, promises, covenants or conditions of this Agreement shall to any extent be adjudged invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, each and all of the remaining terms, provisions, promises, covenants and conditions of this Agreement shall not be affected thereby, and shall be valid and enforceable to the fullest extent permitted by law.

#### **Section 20. Successors.**

This Agreement shall be binding upon and shall inure to the benefit of the successors of the parties hereto. Except to the extent expressly provided herein, no party may assign any right or obligation hereunder without the consent of the other parties.

#### **Section 21. Miscellaneous.**

This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

The section headings herein are for convenience only and are not to be construed as modifying or governing the language in the section referred to.

Wherever in this Agreement any consent or approval is required, the same shall not be unreasonably withheld.

This Agreement is made in the State of California, under the Constitution and laws of such state and is to be so construed.

This Agreement is the complete and exclusive statement of the agreement among the parties hereto, which supercedes and merges all prior proposals, understandings, and other agreements, including, without limitation, the Initial Agreement, whether oral, written, or implied in conduct, between and among the parties relating to the subject matter of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and attested by their proper officers thereunto duly authorized, and their official seals to be hereto affixed, as of the day and year first above written.

Program Participant:

[SEAL]

By \_\_\_\_\_

Name:

Title:

ATTEST:

By \_\_\_\_\_  
Name:  
Title:

B

**RESOLUTION NO. 93-61**

**MAXIMUM AMOUNT OF BORROWING: \$4,000,000**

**A RESOLUTION OF THE LODI CITY COUNCIL AUTHORIZING THE  
BORROWING OF FUNDS FOR FISCAL YEAR 1993-1994 AND THE ISSUANCE  
AND SALE OF A 1993-1994 TAX AND REVENUE ANTICIPATION NOTE  
THEREFOR AND PARTICIPATION IN THE CALIFORNIA CASH FLOW  
FINANCING PROGRAM**

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**WHEREAS**, Local agencies are authorized by Section 53850 to 53858, both inclusive, of the Government Code of the State of California (the "Act") (being Article 7.6, Chapter 4, Part 1, Division 2, Title 5 of the Government Code) to borrow money by the issuance of temporary notes;

**WHEREAS**, the legislative body (the "legislative Body") of the local agency specified above (the "Local Agency") has determined that a sum (the "Principal Amount"), not to exceed the Maximum Amount of Borrowing designated above, which Principal Amount is to be confirmed and set in the Pricing confirmation (as defined in Section 4 hereof), is needed for the requirements of the Local Agency, a municipal corporation, to satisfy obligations of the Local Agency, and that it is necessary that said Principal Amount be borrowed for such purpose at this time by the issuance of a note therefor in anticipation of the receipt of taxes, income, revenue, cash receipts and other moneys to be received by the Local Agency for the general fund of the Local Agency attributable to its fiscal year ending June 30, 1994 ("Fiscal Year 1993-1994");

**WHEREAS**, the Local Agency hereby determines to borrow, for the purposes set forth above, the Principal Amount by the issuance of the Note (as hereinafter defined);

**WHEREAS**, it appears, and this Legislative Body hereby finds and determines, that the Principal Amount, when added to the interest payable thereon, does not exceed eighty-five percent (85%) of the estimated amount of the uncollected taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts and other moneys of the Local Agency attributable to Fiscal Year 1993-1994 and available for the payment of the principal of the Note and the interest thereon;

**WHEREAS**, no money has heretofore been borrowed by or on behalf of the Local Agency through the issuance of tax anticipation notes or temporary notes in anticipation of the receipt of, or payable from or secured by, taxes, income, revenue, cash receipts or other moneys for Fiscal Year 1993-94;

**WHEREAS**, pursuant to Section 53856 of the Act, certain moneys which will be received by the Local Agency during and attributable to Fiscal Year 1993-1994 can be pledged for the payment of the principal of the Note and the interest thereon (as hereinafter provided);

**WHEREAS**, the Local Agency has determined that it is in the best interests of the Local Agency to participate in the California Cash Flow Financing Program (the "Program"), whereby participating local agencies (collectively, the "Issuers") will simultaneously issue tax and revenue anticipation notes;

**WHEREAS**, the Local Agency shall confirm at the time of execution of the Pricing Confirmation the marketing of its Note as either part of a pool of some or all of the notes issued by other local agencies participating in the Program or as an individual Note;

**WHEREAS**, the Program requires the participating Issuers to sell their tax and revenue anticipation notes to the California Statewide Communities Development Authority (the "Authority") pursuant to note purchase agreements (collectively, "Purchase Agreements"), each between such individual Issuer and the Authority, and dated as of the date of the Pricing Confirmation, a form of which has been submitted to the Legislative Body;

**WHEREAS**, the Authority, pursuant to advice of Sutro & Co. Incorporated, as underwriter for the Program (the "Underwriter"), will form one or more pools of notes (the "Pooled Notes") and assign each note to a particular pool (the "Pool") and sell a series (the "Series") of bonds (the "Bonds") secured by each Pool pursuant to an indenture (the "Indenture") between the Authority and U.S. Trust Company of California, N.A., as trustee (the "Trustee"), each Series distinguished by whether or what type(s) of Credit Instrument(s) (as hereinafter defined) secure(s) such Series, by the principal amounts of the notes assigned to the Pool or by other factors, or, alternatively, the Authority may market any of the notes individually (the "Separately Marketed Notes"), and the Local Agency hereby acknowledges and approves the discretion of the Authority, acting upon the advice of the Underwriter, to assign the Note to such Pool and such Indenture as the Authority may determine or, if the Authority so determines, to market the Note individually;

**WHEREAS**, if, at the time of execution of the Pricing Confirmation, the Local Agency confirms that its Note will be a Pooled Note, the Local Agency will (in the Pricing Confirmation) request the Authority to issue a Series of Bonds pursuant to an Indenture to which the Note will be assigned by the Authority in its discretion, acting upon the advice of the Underwriter, which Series of Bonds will be payable from payments of principal of and interest on the Note and the other notes comprising the same Pool and assigned to the same Indenture to which the Note is assigned;

**WHEREAS**, if, at the time of execution of the Pricing Confirmation, the Local Agency confirms that its Note will be a Separately Marketed Note, the Local Agency will (in the Pricing Confirmation) request the Authority to market the Note individually;

**WHEREAS**, as additional security for the Owners of each Series of Bonds, all or a portion of the payments by all of the Issuers of the notes assigned to such Series may or may not be secured (by virtue or in form of the Bonds, as indicated in the Pricing Confirmation, being secured in whole or in part) by an irrevocable letter (or letters) of credit or policy (or policies) of insurance or proceeds of a separate bond issue issued for such purpose (the "Reserve Fund") or other credit instrument (or instruments) (collectively, the "Credit Instrument") issued by the credit provider or credit providers designated in the Indenture, as finally executed (collectively, the "Credit Provider"), pursuant to a credit agreement or agreements or commitment letter or letters or, in the case of the Reserve Fund, an indenture (the "Reserve Indenture") (collectively, the "Credit Agreement") between (i) in the case of an irrevocable

letter (or letters) of credit or policy (or policies) of insurance, the Authority and the respective Credit Provider and (ii) in the case of the Reserve Fund, the Authority and U.S. Trust Company of California, N.A., as trustee of the Reserve Indenture (the "Reserve Trustee");

**WHEREAS**, if, as designated in the Pricing Confirmation, the Credit Instrument is the Reserve Fund, bonds issued pursuant to the Reserve Indenture (the "Reserve Bonds") may, as indicated in the Pricing Confirmation, be secured by an irrevocable letter of credit or policy of insurance or other credit instrument (the "Reserve Credit Instrument") issued by the credit provider identified in the Reserve Indenture as finally executed (the "Reserve Credit Provider"), pursuant to a credit agreement or commitment letter (the "Reserve Credit Agreement") identified in the Reserve Indenture as finally executed, such Reserve Credit Agreement being between the Authority and the Reserve Credit Provider;

**WHEREAS**, the net proceeds of the Note may be invested by the Local Agency in Permitted Investments (as defined in the Indenture) or in any other investment permitted by the laws of the State of California, as now in effect and as hereafter amended, modified or supplemented from time to time;

**WHEREAS**, as part of the Program each participating Issuer approves the Indenture, the alternative forms of Credit Agreements, if any, and the alternative forms of Reserve Credit Agreements, if any, in substantially the forms presented to the Legislative Body, with the final form of Indenture, type of Credit Instrument and corresponding Credit Agreement and type of Reserve Credit Instrument and corresponding Reserve Credit Agreement, if any, to be determined and approved by the Pricing Confirmation;

**WHEREAS**, pursuant to the Program each participating Issuer will be responsible for its share of (a) the fees of the Trustee or Paying Agent (as hereinafter defined), as applicable and the costs of issuing the applicable Series of Bonds or Separately Marketed Note, as applicable, and (b), if applicable, the fees of the Credit Provider, the fees of the Reserve Credit Provider (which shall be payable from, among other sources, investment earnings on the Reserve Fund and moneys in the Costs of Issuance Fund established and held under the Indenture), the Issuer's allocable share of all Predefault Obligations and the Issuer's Reimbursement Obligations, if any (each as defined in the Indenture);

**WHEREAS**, pursuant to the Program each participating Issuer whose Note is a Pooled Note will be responsible for its share of the fees of the Reserve Trustee and the costs of issuing the applicable Series of Reserve Bonds, all such costs and fees being payable from the proceeds of the applicable Series of Bonds (or, with respect to costs and fees of the Reserve Credit Provider, as may otherwise be provided in the Reserve Indenture);

**WHEREAS**, pursuant to the Program, the Underwriter will submit an offer to the Authority to purchase, in the case of each Pool of Notes, the Series of Bonds which will be secured by the Indenture to which such Pool will be assigned and, in the case of a Separately Marketed Note, the Note itself;

**WHEREAS**, it is necessary to engage the services of certain professionals to assist the Local Agency in its participation in the Program;

**WHEREAS**, in order to participate in the Program, the Authority requires that the Local Agency enter into and execute the Amended and Restated Joint Exercise of Powers Agreement Relating to the California Statewide Communities Development Authority, dated June 1, 1988 (the "Amended Agreement"), pursuant to which the Authority is in existence and operates;

WHEREAS, there is now before this Legislative Body a form of the Amended Agreement; and

WHEREAS, this Legislative Body, following careful review and consideration, hereby determines that it is in the public interest and for the public benefit of the Local Agency to enter into and authorize the execution of the Amended Agreement;

NOW, THEREFORE, the Legislative Body hereby finds, determines, declares and resolves as follows:

**Section 1. Recitals.** All the above recitals are true and correct and this Legislative Body so finds and determines.

**Section 2. Authorization of Issuance.** This Legislative Body hereby determines to borrow solely for the purpose of anticipating taxes, income, revenue, cash receipts and other moneys to be received by the Local Agency for the general fund of the Local Agency attributable to Fiscal Year 1993-1994, and not pursuant to any common plan of financing of the Local Agency, by the issuance of a note in the Principal Amount under Sections 53850 et seq. of the Act, designated the Local Agency's "1993-1994 Tax and Revenue Anticipation Note" (the "Note"), to be issued in the case of a Pooled Note in the form of one fully registered note at the Principal Amount thereof and in the case of a Separately Marketed Note in the form of fully registered notes in denominations of five thousand dollars (\$5,000) or any integral multiple thereof, aggregating to the Principal Amount, in each case to be dated the date of its delivery to the initial purchaser thereof, to mature (without option of prior redemption) not more than thirteen months thereafter on a date indicated on the face thereof and determined in the Pricing Confirmation (the "Maturity Date"), and to bear interest, payable at maturity and computed upon the basis of a 360-day year consisting of twelve 30-day months, at a rate not to exceed ten percent (10%) per annum as determined in the Pricing Confirmation and indicated on the face of the Note (the "Note Rate"). If the Series of Bonds issued in connection with the Note is secured in whole or in part by a Credit Instrument or such Credit Instrument (other than the Reserve Fund) secures the Note in whole or in part and all principal of and interest on the Note is not paid in full at maturity or payment of principal of and interest on the Note is paid (in whole or in part) by a draw under, payment by or claim upon a Credit Instrument which draw, payment or claim is not fully reimbursed on such date, it shall become a Defaulted Note (as defined in the Indenture), and the unpaid portion (including the interest component, if applicable) thereof (or the portion (including the interest component, if applicable) thereof with respect to which a Credit Instrument applies for which reimbursement on a draw, payment or claim has not been fully made) shall be deemed outstanding and shall continue to bear interest thereafter until paid at the Default Rate (as defined in the Indenture). If the Credit Instrument is the Reserve Fund and the Reserve Bonds issued to fund the Reserve Fund are secured by the Reserve Credit Instrument and a Drawing (as defined in the Indenture) pertaining to the Note is not fully reimbursed by the Reserve Principal Payment Date (as defined in the Indenture), the Note shall become a Defaulted Reserve Note (as defined in the Indenture), and the unpaid portion (including the interest component, if applicable) thereof (or portion (including the interest component, if applicable) with respect to which the Reserve Fund applies for which reimbursement on a Drawing has not been fully made) shall be deemed outstanding and shall continue to bear interest thereafter until paid at the Default Rate. If the Note or the Series of Bonds issued in connection with the Note is unsecured in whole or in part and the Note is not fully paid at maturity, the unpaid portion thereof (or the portion thereof to which no Credit Instrument applies which is unpaid) shall be deemed outstanding and shall continue to bear interest thereafter until paid at the Default Rate. In each case set forth in the preceding three sentences, the obligation of the Local Agency with respect to such Defaulted Note or unpaid Note shall not be a debt or liability of the Local Agency prohibited by Article XVI, Section 18 of the California Constitution and the Local Agency shall not be liable thereon except to the extent of any available revenues attributable to Fiscal Year 1993-1994, as provided in



Section 8 hereof. The percentage of the Note to which a Credit Instrument, if any, applies (the "Secured Percentage") shall be (i) equal to 100%, if the size of the Credit Instrument is greater than or equal to the aggregate amount of principal of and interest on all unpaid notes (or unpaid portions thereof) assigned to the particular Series of Bonds as of the maturity date or (ii) equal to the amount of the Credit Instrument divided by the aggregate amount of unpaid principal of and interest on such unpaid notes (or portions thereof), expressed as a percentage, if the size of the Credit Instrument is less than the aggregate amount of unpaid principal of and interest on such unpaid notes (or unpaid portions thereof) as of the maturity date. The percentage of the Note to which the Reserve Credit Instrument, if any, applies (the "Secured Reserve Percentage") shall be (i) equal to 100%, if the size of the Reserve Credit Instrument is greater than or equal to the aggregate amount of principal of and interest on unpaid notes (or unpaid portions thereof, including the interest component if applicable) assigned to the particular Series of Bonds (secured by the Reserve Fund funded by the Reserve Bonds secured by the Reserve Credit Instrument) as of the Reserve Principal Payment Date or (ii) equal to the amount of the Reserve Credit Instrument divided by the aggregate amount of unpaid principal of and interest on such unpaid notes (or portions thereof, including the interest component, if applicable), expressed as a percentage, if the size of the Reserve Credit Instrument is less than the aggregate amount of unpaid principal of and interest on such unpaid notes (or unpaid portions thereof) as of the Reserve Principal Payment Date.

Both the principal of and interest on the Note shall be payable in lawful money of the United States of America, but only upon surrender thereof, at the corporate trust office of U.S. Trust Company of California, N.A. in Los Angeles, California. The Principal Amount of the Note shall, prior to the issuance thereof, be reduced from the Maximum Amount of Borrowing specified above if and to the extent necessary to obtain an approving legal opinion of Orrick, Herrington & Sutcliffe ("Bond Counsel") as to the legality thereof and the exclusion from gross income for federal tax purposes of interest thereon. The Principal Amount of the Note shall, prior to the issuance thereof, also be reduced from the Maximum Amount of Borrowing specified above, and other conditions shall be met by the Local Agency, if and to the extent necessary to obtain from the Credit Provider or the Reserve Credit Provider, as the case may be, its agreement to issue the Credit Instrument or Reserve Credit Instrument, as applicable. If the Note is a Pooled Note and the Credit Instrument is the Reserve Fund which is backed by a Reserve Credit Instrument, the issuance of the Note shall be subject to the approval of the Reserve Credit Provider. Notwithstanding anything to the contrary contained herein, the decision of the Credit Provider to issue the Credit Instrument and the approval of the Reserve Credit Provider of the issuance of a Pooled Note shall be totally discretionary on the part of the Credit Provider or Reserve Credit Provider, as applicable, and nothing herein shall be construed to require the Credit Provider or Reserve Credit Provider to issue a Credit Instrument or approve the issuance of a Pooled Note, as applicable.

Whether issued as a Pooled Note or a Separately Marketed Note, the Note shall be issued in conjunction with the note or notes of one or more other Issuers as part of the Program and within the meaning of Section 53853 of the Act.

**Section 3. Form of Note.** The Note shall be issued in fully registered form without coupons and shall be substantially in the form and substance set forth in Exhibit A as attached hereto and by reference incorporated herein, the blanks in said forms to be filled in with appropriate words and figures.

**Section 4. Sale of Note; Delegation.** Any one of the Mayor, the City Manager or the Finance Director/Treasurer of the Local Agency, as the case may be, or, in the absence of said officer, his or her duly appointed assistant (collectively, the "Authorized Officer"), is hereby authorized and directed to negotiate, with the Authority, an interest rate on the Note to the stated maturity thereof, which shall not exceed ten percent (10%) per annum, and the purchase price to be paid by the Authority for the Note, which purchase price shall be at a discount which when added to the Local Agency's share of the

costs of issuance shall not be more than one percent (1%) of the principal amount of the Note, and, if such interest rate and price and other terms of the sale of the Note set out in the Pricing Confirmation are acceptable to the Authorized Officer, the Authorized Officer is hereby further authorized and directed to execute and deliver the pricing confirmation supplement to be delivered by the Underwriter (on behalf of the Authority) to the Local Agency on a date within 10 days of said negotiation of interest rate and purchase price during the period from May 1, 1993 through March 1, 1994 (the "Pricing Confirmation"), substantially in the form presented to this meeting as Schedule I to the Purchase Agreement, with such changes therein as the Authorized Officer shall require or approve, and such other documents or certificates required to be executed and delivered thereunder or to consummate the transactions contemplated hereby or thereby, for and in the name and on behalf of the Local Agency, such approval by this Legislative Body and the Authorized Officer to be conclusively evidenced by such execution and delivery. Any Authorized Officer is hereby further authorized to execute and deliver, prior to the execution and delivery of the Pricing Confirmation, the Purchase Agreement substantially in the form presented to this meeting, with such changes therein as the Authorized Officer shall require or approve, such approval to be conclusively evidenced by such execution and delivery; provided, however, that the Purchase Agreement shall not be effective and binding on the Local Agency until the execution and delivery of the Pricing Confirmation. Delivery of an executed copy of the Pricing Confirmation by fax or telecopy shall be deemed effective execution and delivery for all purposes.

**Section 5. Program Approval.** The Note shall be a Separately Marketed Note or a Pooled Note, as set forth in the Pricing Confirmation. In the case of Pooled Notes, the Pricing Confirmation may, but shall not be required to, specify the Series of Bonds to the Trustee under the Indenture for which the Note will be assigned (but need not include information about other notes assigned to the same pool or their Issuers). The Pricing Confirmation shall indicate whether and what type of Credit Instrument and, if applicable, Reserve Credit Instrument will apply.

The forms of Indenture, alternative general types and forms of Credit Agreements, if any, and alternative general types and forms of Reserve Credit Agreements, if any, presented to this meeting are hereby acknowledged, and it is acknowledged that the Authority will execute and deliver the Indenture, one or more Credit Agreements, if applicable, and one or more Reserve Credit Agreements, if applicable, which shall be identified in the Pricing Confirmation, in substantially one or more of said forms with such changes therein as the Authorized Officer who executes the Pricing Confirmation shall require or approve (substantially final forms of the Indenture, the Credit Agreement and, if applicable, the Reserve Credit Agreement are to be delivered to the Authorized Officer concurrent with the Pricing Confirmation), such approval of the Authorized Officer and this Legislative Body to be conclusively evidenced by the execution of the Pricing Confirmation. In the case where the Note is to be assigned to an Indenture, it is acknowledged that the Authority is authorized and requested to issue Bonds pursuant to and as provided in the Indenture as finally executed. If the Credit Agreement identified in the Pricing Confirmation is the Reserve Indenture, it is acknowledged that the Authority will issue the Reserve Bonds pursuant to and as provided in the Reserve Indenture as finally executed.

The Authorized Officer is hereby authorized and directed to provide the Underwriter with such information relating to the Local Agency as the Underwriter shall reasonably request for inclusion in the Preliminary Official Statement and Official Statement of the Authority in the case where the Note is a Pooled Note or in such other offering document prepared in the case of a Separately Marketed Note. Upon inclusion of the information relating to the Local Agency therein, the Preliminary Official Statement and Official Statement or such other offering document is, except for certain omissions permitted by Rule 15c2-12 of the Securities Exchange Act of 1934, as amended (the "Rule"), hereby deemed final within the meaning of the Rule with respect to the Local Agency. If, at any time prior to the execution of the Pricing Confirmation, any event occurs as a result of which the information contained in the Preliminary Official Statement or other offering document relating to the Local Agency might include an untrue

statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Local Agency shall promptly notify the Underwriter.

In the event the Pricing Confirmation specifies that the Credit Agreement shall be a Reserve Indenture, it is acknowledged that the Authority will issue the Reserve Bonds for the purpose of credit enhancement of the Bonds pursuant to and as provided in the Reserve Indenture as finally executed in accordance with the preceding paragraph.

Subject to Section 8 hereof, the Local Agency hereby agrees that if the Note shall become a Defaulted Note, the unpaid portion (including the interest component, if applicable) thereof or the portion (including the interest component, if applicable) to which a Credit Instrument applies for which full reimbursement on a draw, payment or claim has not been made by the Maturity Date shall be deemed outstanding and shall not be deemed to be paid until (i) any Credit Provider providing a Credit Instrument with respect to the Note or the Series of Bonds issued in connection with the Note, has been reimbursed for any drawings, payments or claims made under or from the Credit Instrument with respect to the Note, including interest accrued thereon, as provided therein and in the applicable Credit Agreement, and, (ii) the holders of the Note or Series of the Bonds issued in connection with the Note are paid the full principal amount represented by the unsecured portion of the Note plus interest accrued thereon (calculated at the Default Rate) to the date of deposit of such aggregate required amount with the Trustee. For purposes of clause (ii) of the preceding sentence, holders of the Series of Bonds will be deemed to have received such principal amount upon deposit of such moneys with the Trustee.

Subject to Section 8 hereof, the Local Agency hereby agrees that if the Note shall become a Defaulted Reserve Note, the unpaid portion (including the interest component, if applicable) thereof or the portion (including the interest component, if applicable) to which a Reserve Credit Instrument, if any, applies for which full reimbursement on a Drawing has not been made by the Reserve Principal Payment Date shall be deemed outstanding and shall not be deemed paid until (i) any Reserve Credit Provider providing a Reserve Credit Instrument with respect to the Reserve Bonds (against the Reserve Fund of which such Drawing was made) has been reimbursed for any drawing or payment made under the Reserve Credit Instrument with respect to the Note, including interest accrued thereon, as provided therein and in the Reserve Credit Agreement, and (ii) the holders of the Note or Series of Bonds issued in connection with the Note are paid the full principal amount represented by the unsecured portion of the Note plus interest accrued thereon (calculated at the Default Rate) to the date of deposit of such aggregate required amount with the Trustee. For the purposes of clause (ii) of the preceding sentence, holders of the Series of Bonds will be deemed to have received such principal amount upon deposit of such moneys with the Trustee.

The Local Agency agrees to pay or cause to be paid, in addition to the amounts payable under the Note, any fees or expenses of the Trustee and, to the extent permitted by law, if the Local Agency's Note is secured in whole or in part by a Credit Instrument and, if applicable, a Reserve Credit Instrument (by virtue of the fact that the Series of Bonds is secured by a Credit Instrument and, if applicable, Reserve Bonds are secured by a Reserve Credit Instrument), any Predefault Obligations and Reimbursement Obligations (to the extent not payable under the Note), (i) arising out of an "Event of Default" hereunder (or pursuant to Section 7 hereof) or (ii) arising out of any other event (other than an event arising solely as a result of or otherwise attributable to a default by any other Issuer). In the case described in (ii) above with respect to Predefault Obligations, the Local Agency shall owe only the percentage of such fees, expenses and Predefault Obligations equal to the ratio of the principal amount of its Note over the aggregate principal amounts of all notes, including the Note, of the Series of which the Note is a part, at the time of original issuance of such Series. Such additional amounts will be paid

by the Local Agency within twenty-five (25) days of receipt by the Local Agency of a bill therefor from the Trustee.

**Section 6. No Joint Obligation.** The Note will be issued in conjunction with a note or notes of one or more other Issuers, either as a Separately Marketed Note or as a Pooled Note assigned to secure a Series of Bonds. In all cases, the obligation of the Local Agency to make payments on or in respect to its Note is a several and not a joint obligation and is strictly limited to the Local Agency's repayment obligation under this Resolution and the Note.

**Section 7. Disposition of Proceeds of Note.**

(A) **Provisions applicable if the Note is a Pooled Note.** If the Note is a Pooled Note, the moneys received from the sale of the Note or of the Series of Bonds issued in connection with the Note allocable to the Local Agency's share of the costs of issuance (which shall include any fees and expenses in connection with any Credit Instrument (and the Reserve Credit Instrument, if any) applicable to the Note or Series of Bonds and the corresponding Reserve Bonds, if any) shall be deposited in the Costs of Issuance Fund held and invested by the Trustee under the Indenture and expended as directed by the Underwriter on costs of issuance as provided in the Indenture. The moneys received from the sale of the Note to the Authority, or allocable to the Note from the sale of Bonds, (net of the Local Agency's share of the costs of issuance) shall be deposited in the Local Agency's Proceeds Subaccount hereby authorized to be created pursuant to, and held and invested by the Trustee under, the Indenture for the Local Agency and said moneys may be used and expended by the Local Agency for any purpose for which it is authorized to use and expend moneys, upon requisition from the Proceeds Subaccount as specified in the Indenture.

(B) **Provisions applicable if the Note is a Separately Marketed Note.** If the Note is a Separately Marketed Note, the moneys received from the sale of the Note allocable to the costs of issuance shall be deposited in a Costs of Issuance Account held and invested by the Paying Agent and expended as directed by the Underwriter on costs of issuance. The Paying Agent is hereby authorized and directed to establish and hold a Costs of Issuance Account. The moneys received from the sale of the Note (net of the costs of issuance) shall be deposited in the Local Agency's Proceeds Account hereby authorized to be created for the Local Agency and said moneys may be used and expended by the Local Agency for any purpose for which it is authorized to use and expend moneys, upon requisition from the Proceeds Account. The Paying Agent is hereby authorized and directed to establish and hold a Proceeds Account. Any such Paying Agent shall signify its acceptance of its duties and obligations as such by executing a certificate of acceptance.

**Section 8. Source of Payment.**

(A) **Provisions Applicable if the Note is a Pooled Note.**

(1) The principal amount of the Note, together with the interest thereon, shall be payable from taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts and other moneys which are received by the Local Agency for the general fund of the Local Agency and are attributable to Fiscal Year 1993-1994 and which are available for payment thereof. As security for the payment of the principal of and interest on the Note, the Local Agency hereby pledges certain unrestricted revenues (as hereinafter provided) which are received by the Local Agency for the general fund of the Local Agency and are attributable to Fiscal Year 1993-1994, and the principal of the Note and the interest thereon shall constitute a first lien and charge thereon and shall be payable from the first moneys received by the Local Agency from such pledged revenues, and, to the extent not so paid, shall be paid from any other taxes, income, revenue, cash receipts and other

moneys of the Local Agency lawfully available therefor (all as provided for in Sections 53856 and 53857 of the Act). The Noteholders, Bondholders, Credit Provider and, if applicable, the Reserve Credit Provider shall have a first lien and charge on such certain unrestricted revenues as hereinafter provided which are received by the Local Agency and are attributable to Fiscal Year 1993-1994. In order to effect the pledge referenced in the preceding two sentences, the Local Agency hereby agrees and covenants to establish and maintain a special account within the Local Agency's general fund to be designated the "1993 Tax and Revenue Anticipation Note Payment Account" (the "Payment Account") and further agrees and covenants to maintain the Payment Account until the payment of the principal of the Note and the interest thereon. The Local Agency agrees to transfer to and deposit in the Payment Account the first amounts received in the months specified in the Pricing Confirmation as Repayment Months (each individual month a "Repayment Month" and collectively "Repayment Months") (and any amounts received thereafter attributable to Fiscal Year 1993-1994) until the amount on deposit in the Payment Account is equal in the respective Repayment Months identified in the Pricing Confirmation to the percentage of the principal and interest due on the Note at maturity specified in the Pricing Confirmation. In making such transfer and deposit, the Local Agency shall not be required to physically segregate the amounts to be transferred to and deposited in the Payment Account from the Local Agency's other general fund moneys, but, notwithstanding any commingling of funds for investment or other purposes, the amounts required to be transferred to and deposited in the Payment Account shall nevertheless be subject to the lien and charge created herein. The number of Repayment Months determined in the Pricing Confirmation shall not exceed six and the amount of money required to be deposited in each Repayment Month as determined in the Pricing Confirmation shall not exceed fifty percent (50%) of the principal and interest due on the Note at maturity (such pledged amounts being hereinafter called the "Pledged Revenues"). The Authorized Officer is hereby authorized to approve the determination of the Repayment Months and percentages of the principal and interest due on the Note at maturity required to be on deposit in the Payment Account in each Repayment Month, all as specified in the Pricing Confirmation, by executing and delivering the Pricing Confirmation, such execution and delivery to be conclusive evidence of approval by this Legislative Body and such officer. In the event on the day in each such Repayment Month that a deposit to the Payment Account is required to be made, the Local Agency has not received sufficient unrestricted revenues to permit the deposit into the Payment Account of the full amount of Pledged Revenues to be deposited in the Payment Account from said unrestricted revenues in said month, then the amount of any deficiency shall be satisfied and made up from any other moneys of the Local Agency lawfully available for the payment of the principal of the Note and the interest thereon, as and when such other moneys are received or are otherwise legally available. The term "unrestricted revenues" shall mean all taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts, and other moneys, intended as receipts for the general fund of the Local Agency attributable to Fiscal Year 1993-1994 and which are generally available for the payment of current expenses and other obligations of the Local Agency.

(2) Any moneys placed in the Payment Account shall be for the benefit of (i) the holders of Bonds issued in connection with the Notes, (ii) (to the extent provided in the Indenture) the Credit Provider, if any, and (iii) (to the extent provided in the Indenture and, if applicable, the Credit Agreement) the Reserve Credit Provider, if any. The moneys in the Payment Account shall be applied only for the purposes for which the Payment Account is created until the principal of the Note and all interest thereon are paid or until provision has been made for the payment of the principal of the Note at maturity with interest to maturity (in accordance with the requirements for defeasance of the Bonds as set forth in the Indenture) and, if applicable, (to the extent provided in the Indenture and, if applicable, the Credit Agreement) the payment of all Predefault Obligations and Reimbursement Obligations owing to the Credit Provider and, if applicable, the Reserve Credit Provider.

(3) At least two (2) Business Days (as defined in the Indenture) prior to the Maturity Date of the Note, the moneys in the Payment Account shall be transferred by the Local Agency to the

Trustee for deposit into the Bond Payment Fund, to the extent necessary, to pay the principal of and interest on the Note or to reimburse the Credit Provider for payments made under or pursuant to the Credit Instrument. In the event that moneys in the Payment Account are insufficient to pay the principal of and interest on the Note in full on the Maturity Date, moneys in the Payment Account shall be applied in the following priority: first to pay interest on the Note; second to pay principal of the Note; third to reimburse the Credit Provider for payment, if any, of interest with respect to the Note; fourth to reimburse the Credit Provider for payment, if any, of principal with respect to the Note; fifth to reimburse the Reserve Credit Provider, if any, for payment, if any, of interest with respect to the Note; sixth to reimburse the Reserve Credit Provider, if any, for payment, if any, of principal with respect to the Note; and seventh to pay any Reimbursement Obligations of the Local Agency and any of the Local Agency's pro rata share of Predefault Obligations owing to the Credit Provider and Reserve Credit Provider (if any) as applicable. Any moneys remaining in or accruing to the Payment Account after the principal of the Note and the interest thereon and any Predefault Obligations and Reimbursement Obligations, if applicable, have been paid, or provision for such payment has been made, shall be transferred to the general fund of the Local Agency, subject to any other disposition required by the Indenture, or, if applicable, the Credit Agreement. Nothing herein shall be deemed to relieve the Local Agency from its obligation to pay its Note in full on the Maturity Date.

(4) Moneys in the Proceeds Subaccount shall be invested by the Trustee pursuant to the Indenture as directed by the Local Agency in Permitted Investments as described in and under the terms of the Indenture. Any such investment by the Trustee shall be for the account and risk of the Local Agency, and the Local Agency shall not be deemed to be relieved of any of its obligations with respect to the Note, the Predefault Obligations or Reimbursement Obligations, if any, by reason of such investment of the moneys in its Proceeds Subaccount.

(5) At the written request of the Credit Provider, if any, or the Reserve Credit Provider, if any, the Local Agency shall, within ten (10) Business Days following the receipt of such written request, file such report or reports to evidence the transfer to and deposit in the Payment Account required by this Section 8 and provide such additional financial information as may be required by the Credit Provider, if any, or the Reserve Credit Provider, if any.

(B) Provisions applicable if the Note is a Separately Marketed Note.

(1) The principal amount of the Note, together with the interest thereon, shall be payable from taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts and other moneys which are received by the Local Agency for the general fund of the Local Agency and are attributable to Fiscal Year 1993-1994 and which are available for payment thereof. As security for the payment of the principal of and interest on the Note, the Local Agency hereby pledges certain unrestricted revenues (as hereinafter provided) which are received by the Local Agency for the general fund of the Local Agency and are attributable to Fiscal Year 1993-1994, and the principal of the Note and the interest thereon shall constitute a first lien and charge thereon and shall be payable from the first moneys received by the Local Agency from such pledged revenues, and, to the extent not so paid, shall be paid from any other taxes, income, revenue, cash receipts and other moneys of the Local Agency lawfully available therefor (all as provided for in Sections 53856 and 53857 of the Act). In order to effect this pledge, the Local Agency hereby agrees and covenants to establish and maintain a special fund within the Local Agency's general fund to be designated the "1993 Tax and Revenue Anticipation Note Payment Fund" (the "Payment Fund"), and further agrees and covenants to maintain the Payment Fund until the payment of the principal of the Note and the interest thereon. The Local Agency agrees to transfer to and deposit in the Payment Fund the first amounts received in the months specified in the Pricing Confirmation as Repayment Months (each individual month a "Repayment Month" and collectively "Repayment Months") (and any amounts received thereafter attributable to Fiscal

Year 1993-1994) until the amount on deposit in the Payment Fund is equal in the respective Repayment Months identified in the Pricing Confirmation to the percentages of the principal and interest due on the Note at maturity specified in the Pricing Confirmation. In making such transfer and deposit, the Local Agency shall not be required to physically segregate the amounts to be transferred to and deposited in the Payment Fund from the Local Agency's other general fund moneys, but, notwithstanding any commingling of funds for investment or other purposes, the amounts required to be transferred to and deposited in the Payment Fund shall nevertheless be subject to the lien and charge created herein. The number of Repayment Months determined in the Pricing Confirmation shall not exceed six and the amount of money required to be deposited in each Repayment Month as determined in the Pricing Confirmation shall not exceed fifty percent (50%) of the principal and interest due on the Note at maturity (such pledged amounts being hereinafter called the "Pledged Revenues"). The Authorized Officer is hereby authorized to approve the determination of the Repayment Months and percentages of the principal and interest due on the Note at maturity required to be on deposit in the Payment Fund in each Repayment Month, all as specified in the Pricing Confirmation, by executing and delivering the Pricing Confirmation, such execution and delivery to be conclusive evidence of approval by this Legislative Body and such officer. In the event that on the day in each such Repayment Month that a deposit to the Payment Fund is required to be made, the Local Agency has not received sufficient unrestricted revenues to permit the deposit into the Payment Fund of the full amount of Pledged Revenues to be deposited in the Payment Fund from said unrestricted revenues in said month, then the amount of any deficiency shall be satisfied and made up from any other moneys of the Local Agency lawfully available for the payment of the principal of the Note and the interest thereon, as and when such other moneys are received or are otherwise legally available. The term "unrestricted revenues" shall mean all taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts, and other moneys, intended as receipts for the general fund of the Local Agency attributable to Fiscal Year 1993-1994 and which are generally available for the payment of current expenses and other obligations of the Local Agency.

(2) Any moneys placed in the Payment Fund shall be for the benefit of the owner of the Note. The moneys in the Payment Fund shall be applied only for the purposes for which the Payment Fund is created until the principal of the Note and all interest thereon are paid or until provision has been made for the payment of the principal of the Note at maturity with interest to maturity.

(3) At least two (2) Business Days prior to the Maturity Date of the Note, the moneys in the Payment Fund shall be transferred by the Local Agency to the Paying Agent, to the extent necessary, to pay the principal of and interest on the Note. In the event that moneys in the Payment Fund are insufficient to pay the principal of and interest on the Note in full on the Maturity Date, moneys in the Payment Fund shall be applied in the following priority: first to pay interest on the Note and second to pay principal of the Note. Any moneys remaining in or accruing to the Payment Fund after the principal of the Note and the interest thereon, have been paid, or provision for such payment has been made, shall be transferred by the Paying Agent to the Local Agency.

(4) Moneys in the Proceeds Account shall be invested by the Paying Agent pursuant to instructions of the Local Agency in an investment agreement or investment agreements designated in the Pricing Confirmation and/or other permitted investments designated in the Pricing Confirmation. The type of investment or investments to be applicable to the proceeds of the Note shall be determined in the Pricing Confirmation. Any such investment by the Paying Agent shall be for the account and risk of the Local Agency and the Local Agency shall not be deemed to be relieved of any of its obligations with respect to the Note, by reason of such investment of the moneys in its Proceeds Account.

**Section 9. Execution of Note.** Any one of the Mayor or the City Manager of the Local Agency or any other officer designated by the Legislative Body shall be authorized to execute the Note

by manual or facsimile signature and the Secretary or Clerk of the Legislative Body of the Local Agency, or any duly appointed assistant thereto, shall be authorized to countersign the Note by manual or facsimile signature. Said officers of the Local Agency, are hereby authorized to cause the blank spaces of the Note to be filled in as may be appropriate pursuant to the Pricing Confirmation. If the Note is a Pooled Note, said officers are hereby authorized and directed to cause the Trustee, as registrar and authenticating agent, to authenticate and accept delivery of the Note pursuant to the terms and conditions of the Purchase Agreement, this Resolution and the Indenture. If the Note is a Separately Marketed Note, said officers are hereby authorized and directed to cause U.S. Trust Company of California, N.A. as paying agent, registrar and authenticating agent (the "Paying Agent") to authenticate and deliver the Note pursuant to the terms and conditions of the Purchase Agreement and this Resolution. In case any officer whose signature shall appear on any Note shall cease to be such officer before the delivery of such Note, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. The Note shall have thereon a certificate of authentication substantially in the form hereinafter set forth duly executed by the Trustee or Paying Agent (as applicable) and showing the date of authentication. The Note shall not be valid or obligatory for any purpose or be entitled to any security or benefit under this Resolution unless and until such certificate of authentication shall have been duly executed by the Trustee or Paying Agent, as applicable, by manual signature, and such certificate of authentication upon any such Note shall be conclusive evidence that such has been authenticated and delivered under this Resolution. The certificate of authentication on the Note shall be deemed to have been executed by the Trustee or Paying Agent, as applicable, if signed by an authorized officer of the Trustee or Paying Agent, as applicable. The Note need not bear the seal of the Local Agency, if any.

#### Section 10. Note Registration and Transfer.

(A) Provisions Applicable if the Note is a Pooled Note. (1) As long as the Note remains outstanding, the Local Agency shall maintain and keep at the principal corporate trust office of the Trustee, books for the registration and transfer of the Note. The Note shall initially be registered in the name of the Trustee under the Indenture to which the Note is assigned. Upon surrender of the Note for transfer at the office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or its duly authorized attorney, and upon payment of any tax, fee or other governmental charge required to be paid with respect to such transfer or the Local Agency shall execute and the Trustee shall authenticate and deliver, in the name of the designated transferee, a fully registered Note. For every transfer of the Note, the Local Agency or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to the transfer, which sum or sums shall be paid by the person requesting such transfer as a condition precedent to the exercise of the privilege of making such transfer.

(2) Subject to Section 6 hereof, the Local Agency and the Trustee and their respective successors may deem and treat the person in whose name the Note is registered as the absolute owner thereof for all purposes and the Local Agency and the Trustee and their respective successors shall not be affected by any notice to the contrary, and payment of or on account of the principal of the Note shall be made only to or upon the order of the registered owner thereof. All such payments shall be valid and effectual to satisfy and discharge the liability upon the Note to the extent of the sum or sums so paid.

(3) Any Note may, in accordance with its terms, be transferred upon the books required to be kept by the Trustee, pursuant to the provisions hereof by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Note for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in form approved by the Trustee.



(4) The Trustee or the Authorized Officer of the Local Agency, acting separately or together, are authorized to sign any letter of representations which may be required in connection with the delivery of the Bonds if such Bonds are delivered in book-entry form.

(5) In the event the Credit Instrument is the Reserve Fund and Reserve Bonds are issued in connection therewith, if such Reserve Bonds must be redeemed in part pursuant to the provisions of the Reserve Indenture, the Reserve Trustee is authorized and directed to execute and deliver to the registered owner thereof at the expense of the Local Agency if the Local Agency's Note is then deemed outstanding, a new Reserve Bond or Reserve Bonds of authorized denominations pursuant to the terms of the Reserve Indenture.

(B) Provisions Applicable if the Note is a Separately Marketed Note. (1) As long as the Note remains outstanding, the Local Agency shall maintain at the principal corporate trust office of the Paying Agent, books for the registration and transfer of the Note. The Note shall be prepared in the form of fully registered Notes in denominations of five thousand dollars (\$5,000) or any integral multiple thereof. The Note shall be initially issued registered in the name of "Cede & Co.," as nominee of the Depository Trust Company, New York, New York, and shall be evidenced by one Note to be in a denomination corresponding to the total principal amount of the Note. Registered ownership of the Note, or any portion hereof, may not hereafter be transferred except as hereinafter set forth. Registered ownership of such Note, or any portion thereof, may not thereafter be transferred except:

(a) to any successor of The Depository Trust Company or its nominee, or of any substitute depository designated pursuant to clause (b) of this subsection (1) ("Substitute Depository"); provided that any successor of The Depository Trust Company or Substitute Depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(b) to any Substitute Depository not objected to by the Local Agency, upon (i) the resignation of The Depository Trust Company or its successor (or any Substitute Depository or its successor) from its functions as depository, or (ii) a determination by the Local Agency to substitute another depository for The Depository Trust Company (or its successor) because The Depository Trust Company (or its successor) is no longer able to carry out its functions as depository; provided that any such Substitute Depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(c) to any person as provided below, upon (i) the resignation of The Depository Trust Company or its successor (or any Substitute Depository or its successor) from its functions as depository, or (ii) a determination by the Local Agency to discontinue using a depository.

(2) In the case of any transfer pursuant to clause (a) or clause (b) of subsection (1) of this subsection (B), upon receipt of all outstanding Notes by the Paying Agent, together with a written request of an Authorized Officer of the Local Agency to the Paying Agent designating the Substitute Depository, a single new Note, which the Local Agency shall prepare or cause to be prepared, shall be executed and delivered, registered in the name of such successor or such Substitute Depository, or their nominees, as the case may be, all as specified in such written request of an Authorized Officer of the Local Agency. In the case of any transfer pursuant to clause (c) of subsection (1) of this subsection (B), upon receipt of all outstanding Notes by the Paying Agent, together with a written request of an Authorized Officer of the Local Agency to the Paying Agent, new Notes, which the Local Agency shall prepare or cause to be prepared, shall be executed and delivered in such denominations and registered

in the names of such persons as are requested in such written request of an Authorized Officer of the Local Agency, subject to the limitations of Section 2 hereof.

(3) Subject to Section 6 hereof, the Paying Agent and the Local Agency and their respective successors shall be entitled to treat the person in whose name any Note is registered as the Owner thereof for all purposes of this Resolution and any applicable laws, notwithstanding any notice to the contrary received by the Local Agency; and the Local Agency shall not have responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any beneficial owners of the Note. Neither the Local Agency, nor the Paying Agent nor their respective successors shall have any responsibility or obligation, legal or otherwise, to any such beneficial owners or to any other party, including The Depository Trust Company or its successor (or Substitute Depository or its successor), except to the owner of any Notes, and the Local Agency and the Paying Agent may rely conclusively on their records as to the identity of the owners of the Note.

(4) Notwithstanding any other provision of this Resolution and so long as the Note is outstanding and registered in the name of Cede & Co. or its registered assigns, the Local Agency shall cooperate with Cede & Co., as sole registered Noteowner, and its registered assigns in effecting payment of the principal of and interest on the Note by arranging for payment in such manner that funds for such payments are properly identified and are made available on the date they are due all in accordance with a letter of representations to be delivered in connection with the Note (the "Letter of Representations"), the provisions of which the Local Agency may rely upon to implement the foregoing procedures notwithstanding any inconsistent provisions herein. The Authorized Officer is hereby directed to execute the Letter of Representations on behalf of the Local Agency.

(C) Provisions Applicable to both Pooled Notes and Separately Marketed Notes.

(1) The Trustee or Paying Agent, as applicable, will keep or cause to be kept, at its principal corporate trust office, sufficient books for the registration and transfer of the Note, which shall be open to inspection by the Local Agency during regular business hours. Upon presentation for such purpose, the Trustee or Paying Agent, as applicable, shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such books, the Note as hereinbefore provided.

(2) If any Note shall become mutilated, or the Local Agency, at the expense of the registered owner of such Note, shall execute, and the Trustee or Paying Agent, as applicable, shall thereupon authenticate and deliver a new Note of like tenor and number in exchange and substitution for the Note so mutilated, but only upon surrender to the Trustee or Paying Agent, as applicable, of the Note so mutilated. Every mutilated Note so surrendered to the Trustee shall be cancelled by it and delivered to, or upon the order of, the Local Agency. If any Note shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Local Agency and the Trustee or Paying Agent, as applicable, and, if such evidence be satisfactory to them and indemnity satisfactory to them shall be given, the Local Agency, at the expense of the registered owner, shall execute, and the Trustee or the Paying Agent, as applicable, shall thereupon authenticate and deliver a new Note of like tenor and number in lieu of and in substitution for the Note so lost, destroyed or stolen (or if any such Note shall have matured or shall be about to mature, instead of issuing a substitute Note, the Trustee or Paying Agent, as applicable, may pay the same without surrender thereof). The Trustee or Paying Agent, as applicable, may require payment of a sum not exceeding the actual cost of preparing each new Note issued pursuant to this paragraph and of the expenses which may be incurred by the Local Agency and the Trustee or Paying Agent, as applicable, in such preparation. Any Note issued under these provisions in lieu of any Note alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Local Agency, whether or not the Note so alleged to be lost, destroyed or

stolen be at any time enforceable by anyone, and shall be entitled to the benefits of this Resolution with all other Notes secured by this Resolution.

**Section 11. Representations and Covenants.**

(A) The Local Agency is a municipal corporation duly organized and existing under and by virtue of the laws of the State of California and has all necessary power and authority to (i) adopt the Resolution, (ii) enter into and perform its obligations under the Purchase Agreement, and (iii) issue the Note.

(B) (i) Upon the issuance of the Note, the Local Agency will have taken all action required to be taken by it to authorize the issuance and delivery of the Note and the performance of its obligations thereunder, and (ii) the Local Agency has full legal right, power and authority to issue and deliver the Note.

(C) The issuance of the Note, the adoption of the Resolution and the execution and delivery of the Purchase Agreement, and compliance with the provisions hereof and thereof will not conflict with, breach or violate any law, administrative regulation, court decree, resolution, charter, by-laws or other agreement to which the Local Agency is subject or by which it is bound.

(D) Except as may be required under blue sky or other securities law of any state or Section 3(a)(2) of the Securities Act of 1933, there is no consent, approval, authorization or other order of, or filing with, or certification by, any regulatory authority having jurisdiction over the Local Agency required for the issuance and sale of the Note or the consummation by the Local Agency of the other transactions contemplated by this Resolution except those the Local Agency shall obtain or perform prior to or upon the issuance of the Note.

(E) The Local Agency has (or will have prior to the issuance of the Note) duly, regularly and properly adopted a preliminary budget for Fiscal Year 1993-1994 setting forth expected revenues and expenditures and has complied with all statutory and regulatory requirements with respect to the adoption of such budget. The Local Agency hereby covenants that it will (i) duly, regularly and properly prepare and adopt its final budget for Fiscal Year 1993-1994, (ii) provide to the Trustee or Paying Agent (as applicable), the Credit Provider, if any, the Reserve Credit Provider, if any, and the Underwriter, promptly upon adoption, copies of such final budget and of any subsequent revisions, modifications or amendments thereto and (iii) comply with all applicable laws pertaining to its budget.

(F) The sum of the principal amount of the Local Agency's Note plus the interest payable thereon, on the date of its issuance, will not exceed fifty percent (50%) of the estimated amounts of the Local Agency's uncollected taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts, and other moneys to be received by the Local Agency for the general fund of the Local Agency attributable to Fiscal Year 1993-1994 all of which will be legally available to pay principal of and interest on the Note.

(G) The Local Agency (i) has not defaulted within the past twenty (20) years, and is not currently in default, on any debt obligation and (ii), to the best knowledge of the Local Agency, has never defaulted on any debt obligation.

(H) The Local Agency's most recent audited financial statements present fairly the financial condition of the Local Agency as of the date thereof and the results of operation for the period covered thereby. Except as has been disclosed to the Underwriter, the Credit Provider, if any, and the Reserve Credit Provider, if any, there has been no change in the financial condition of the Local Agency

since the date of such audited financial statements that will in the reasonable opinion of the Local Agency materially impair its ability to perform its obligations under this Resolution and the Note. The Local Agency agrees to furnish to the Underwriter, the Trustee (or the Paying Agent, if applicable), the Credit Provider, if any, and the Reserve Credit Provider, if any, promptly, from time to time, such information regarding the operations, financial condition and property of the Local Agency as such party may reasonably request.

(I) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, arbitrator, governmental or other board, body or official, pending or, to the best knowledge of the Local Agency, threatened against or affecting the Local Agency questioning the validity of any proceeding taken or to be taken by the Local Agency in connection with the Note, the Purchase Agreement, the Indenture, the Credit Agreement, if any, the Reserve Credit Agreement, if any, or this Resolution, or seeking to prohibit, restrain or enjoin the execution, delivery or performance by the Local Agency of any of the foregoing, or wherein an unfavorable decision, ruling or finding would have a materially adverse effect on the Local Agency's financial condition or results of operations or on the ability of the Local Agency to conduct its activities as presently conducted or as proposed or contemplated to be conducted, or would materially adversely affect the validity or enforceability of, or the authority or ability of the Local Agency to perform its obligations under, the Note, the Purchase Agreement, the Indenture, the Credit Agreement, if any, the Reserve Credit Agreement, if any, or this Resolution.

(J) Upon issuance of the Note, the Note and this Resolution will constitute legal, valid and binding agreements of the Local Agency, enforceable in accordance with their respective terms, except as such enforceability may be limited by bankruptcy or other laws affecting creditors' rights generally, the application of equitable principles if equitable remedies are sought, the exercise of judicial discretion in appropriate cases and the limitations on legal remedies against local agencies, as applicable, in the State of California.

(K) It is hereby covenanted and warranted by the Local Agency that all representations and recitals contained in this Resolution are true and correct, and that the Local Agency and its appropriate officials have duly taken, or will take, all proceedings necessary to be taken by them, if any, for the levy, receipt, collection and enforcement of the Pledged Revenues in accordance with law for carrying out the provisions of this Resolution and the Note.

(L) The Local Agency shall not incur any indebtedness secured by a pledge of its unrestricted revenues unless such pledge is subordinate in all respects to the pledge of unrestricted revenues hereunder.

(M) So long as the Credit Provider, if any, is not in default under the Credit Instrument or the Reserve Credit Provider, if any, is not in default under the corresponding Reserve Credit Agreement, the Local Agency hereby agrees to pay its pro rata share of all Predefault Obligations and all Reimbursement Obligations attributable to the Local Agency in accordance with provisions of the Credit Agreement, if any, the Reserve Credit Agreement, if any, and/or the Indenture, as applicable. Prior to the Maturity Date, moneys in the Local Agency's Payment Account shall not be used to make such payments. The Local Agency shall pay such amounts promptly upon receipt of notice from the Credit Provider or from the Reserve Credit Provider, if applicable, that such amounts are due to it.

(N) If the Note is a Pooled Note, so long as any Bonds issued in connection with the Notes are Outstanding, or any Predefault Obligation or Reimbursement Obligation is outstanding, the Local Agency will not create or suffer to be created any pledge of or lien on the Note other than the pledge and lien of the Indenture.

- (O) The Local Agency will maintain a positive general fund balance.

**Section 12. Tax Covenants.** (A) The Local Agency will not take any action or fail to take any action if such action or failure to take such action would adversely affect the exclusion from gross income of the interest payable on the Note under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Without limiting the generality of the foregoing, the Local Agency will not make any use of the proceeds of the Note or any other funds of the Local Agency which would cause the Note to be an "arbitrage bond" within the meaning of Section 148 of the Code, a "private activity bond" within the meaning of Section 141(a) of the Code, or an obligation the interest on which is subject to federal income taxation because it is "federally guaranteed" as provided in Section 149(b) of the Code. The Local Agency, with respect to the proceeds of the Note, will comply with all requirements of such sections of the Code and all regulations of the United States Department of the Treasury issued or applicable thereunder to the extent that such requirements are, at the time, applicable and in effect.

(B) The Local Agency hereby (i) represents that the aggregate face amount of all tax-exempt obligations (including any tax-exempt leases, but excluding private activity bonds), issued and to be issued by the Local Agency during calendar year 1993, including the Note, is not reasonably expected to exceed \$5,000,000; or (ii) covenants that the Local Agency will take all legally permissible steps necessary to ensure that all of the gross proceeds of the Note will be expended no later than the day that is six months after the date of issuance of the Note so as to satisfy the requirements of Section 148(f)(4)(B) of the Code.

(C) Notwithstanding any other provision of this Resolution to the contrary, upon the Local Agency's failure to observe, or refusal to comply with, the covenants contained in this Section 12, no one other than the holders or former holders of the Note, the Bond Owners, the Credit Provider, if any, the Reserve Credit Provider, if any, or the Trustee (or Paying Agent, as applicable) on their behalf shall be entitled to exercise any right or remedy under this Resolution on the basis of the Local Agency's failure to observe, or refusal to comply with, such covenants.

- (D) The covenants contained in this Section 12 shall survive the payment of the Note.

**Section 13. Events of Default and Remedies.**

If any of the following events occurs, it is hereby defined as and declared to be and to constitute an "Event of Default":

(A) Failure by the Local Agency to make or cause to be made the transfers and deposits to the Payment Account or Payment Fund, as applicable, or any other payment required to be paid hereunder on or before the date on which such transfer, deposit or other payment is due and payable;

(B) Failure by the Local Agency to observe and perform any covenant, condition or agreement on its part to be observed or performed under this Resolution, for a period of fifteen (15) days after written notice, specifying such failure and requesting that it be remedied, is given to the Local Agency by the Trustee (or Paying Agent, as applicable), the Credit Provider, if applicable, or the Reserve Credit Provider, if applicable, unless the Trustee (or Paying Agent, as applicable) and the Credit Provider or the Reserve Credit Provider, if applicable, shall all agree in writing to an extension of such time prior to its expiration;

(C) Any warranty, representation or other statement by or on behalf of the Local Agency contained in this Resolution or the Purchase Agreement (including the Pricing

Confirmation) or in any requisition or any financial report delivered by the Local Agency or in any instrument furnished in compliance with or in reference to this Resolution or the Purchase Agreement or in connection with the Note, is false or misleading in any material respect;

(D) A petition is filed against the Local Agency under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect and is not dismissed within 30 days after such filing, but the Trustee (or Paying Agent, as applicable) shall have the right to intervene in the proceedings prior to the expiration of such 30 days to protect its and the Bond Owners' (or Noteholders') interests;

(E) The Local Agency files a petition in voluntary bankruptcy or seeking relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, or consents to the filing of any petition against it under such law; or

(F) The Local Agency admits insolvency or bankruptcy or is generally not paying its debts as such debts become due, or becomes insolvent or bankrupt or makes an assignment for the benefit of creditors, or a custodian (including without limitation a receiver, liquidator or trustee) of the Local Agency or any of its property is appointed by court order or takes possession thereof and such order remains in effect or such possession continues for more than 30 days, but the Trustee (or Paying Agent, as applicable) shall have the right to intervene in the proceedings prior to the expiration of such 30 days to protect its and the Bond Owners' or Noteholders' interests.

Whenever any Event of Default referred to in this Section 13 shall have happened and be continuing, the Trustee (or Paying Agent, as applicable) shall, in addition to any other remedies provided herein or by law or under the Indenture, if applicable, have the right, at its option without any further demand or notice, to take one or any combination of the following remedial steps:

(1) Without declaring the Note to be immediately due and payable, require the Local Agency in the case the Note is a Pooled Note, to pay to the Trustee, and in the case the Note is a Separately Marketed Note, to pay to the Paying Agent, in either case, an amount equal to the principal of the Note and interest thereon to maturity, plus all other amounts due hereunder, and upon notice to the Local Agency the same shall become immediately due and payable by the Local Agency without further notice or demand; and

(2) Take whatever other action at law or in equity (except for acceleration of payment on the Note) which may appear necessary or desirable to collect the amounts then due and thereafter to become due hereunder or to enforce any other of its rights hereunder.

Notwithstanding the foregoing, if the Local Agency's Note is secured in whole or in part by a Credit Instrument (other than the Reserve Fund) or if the Credit Provider is subrogated to rights under the Local Agency's Note, as long as the Credit Provider has not failed to comply with its payment obligations under the Credit Instrument, the Credit Provider shall have the right to direct the remedies upon any Event of Default hereunder, and, notwithstanding the foregoing, if a Reserve Credit Instrument is applicable, as long as the Reserve Credit Provider has not failed to comply with its payment obligations under the Reserve Credit Agreement, the Reserve Credit Provider shall have the right (prior to the Credit Provider) to direct the remedies upon any Event of Default hereunder, in each case so long as such action will not materially adversely affect the rights of any Bond Owner, and the Credit Provider's and Reserve Credit Provider's (if any) prior consent shall be required to any remedial action proposed to be taken by the Trustee hereunder.

If the Credit Provider is not reimbursed on the Maturity Date for the drawing, payment or claim, as applicable, used to pay principal of and interest on the Note due to a default in payment on the Note by the Local Agency, as provided in Section 5.03 of the Indenture, or if any principal of or interest on the Note remains unpaid after the Maturity Date, the Note shall be a Defaulted Note, the unpaid portion (including the interest component, if applicable) thereof or the portion (including the interest component, if applicable) to which a Credit Instrument applies for which reimbursement on a draw, payment or claim has not been made shall be deemed outstanding and shall bear interest at the Default Rate until the Local Agency's obligation on the Defaulted Note is paid in full or payment is duly provided for, all subject to Section 8 hereof.

If the Credit Instrument is the Reserve Fund and the Reserve Bonds are secured by the Reserve Credit Instrument and all principal of and interest on the Note is not paid in full by the Reserve Principal Payment Date, the Defaulted Note shall become a Defaulted Reserve Note and the unpaid portion (including the interest component, if applicable) thereof (or the portion thereof with respect to which the Reserve Fund applies for which reimbursement on a Drawing has not been fully made) shall be deemed outstanding and shall bear interest at the Default Rate until the Local Agency's obligation on the Defaulted Reserve Note is paid in full or payment is duly provided for, all subject to Section 8 hereof.

**Section 14. Trustee/Paying Agent.** The Trustee is hereby appointed as paying agent, registrar and authenticating agent for the Note if it is a Pooled Note. The Paying Agent is hereby appointed as paying agent, registrar and authenticating agent for the Note if it is a Separately Marketed Note. The Local Agency hereby directs and authorizes the payment by the Trustee or Paying Agent, respectively, of the interest on and principal of the Note when such become due and payable, from amounts received by the Trustee or Paying Agent from the Local Agency in the manner set forth herein. The Local Agency hereby covenants to deposit funds in such account or fund, as applicable, at the time and in the amount specified herein to provide sufficient moneys to pay the principal of and interest on the Note on the day on which it matures. Payment of the Note shall be in accordance with the terms of the Note and this Resolution.

The Local Agency hereby agrees to maintain as paying agent, registrar and authenticating agent of the Note, (i) the Trustee under the Indenture, or (ii) the Paying Agent under the terms of this Resolution.

**Section 15. Sale of Note.** The Note shall be sold to the Authority, in accordance with the terms of the Purchase Agreement, hereinbefore approved.

**Section 16. Approval and Execution of Amended Agreement.** The Amended Agreement is hereby approved and the Mayor or the City Manager or any other designated official of the Local Agency, is hereby authorized and directed to execute the Amended Agreement, with such changes, insertions and omissions as may be approved by such official and the secretary or clerk of the Local Agency is hereby authorized and directed to attest the same.

**Section 17. Approval of Actions.** The aforementioned officers of the Local Agency are hereby authorized and directed to execute the Note and cause the Trustee or Paying Agent, as applicable, to authenticate and accept delivery of the Note, pursuant to the terms and conditions of the Purchase Agreement and the Indenture. All actions heretofore taken by the officers and agents of the Local Agency or this Legislative Body with respect to the sale and issuance of the Note and participation in the Program are hereby approved, confirmed and ratified and the officers and agents of the Local Agency are hereby authorized and directed, for and in the name and on behalf of the Local Agency, to do any and all things and take any and all actions and execute any and all certificates, agreements and other documents which they, or any of them, may deem necessary or advisable in order to consummate the

lawful issuance and delivery of the Note in accordance with, and related transactions contemplated by, this Resolution. The officers of the Local Agency referred to above in Section 4 hereof are hereby designated as "Authorized Local Agency Representatives" under the Indenture.

In the event that the Note or a portion thereof is secured by a Credit Instrument, the Authorized Officer is hereby authorized and directed to provide the Credit Provider and, if applicable, the Reserve Credit Provider, with any and all information relating to the Local Agency as such Credit Provider or Reserve Credit Provider may reasonably request.

**Section 18. Proceedings Constitute Contract.** The provisions of the Note and of this Resolution shall constitute a contract between the Local Agency and the registered owner of the Note, the Credit Provider, if any, and the Reserve Credit Provider, if any, and such provisions shall be enforceable by mandamus or any other appropriate suit, action or proceeding at law or in equity in any court of competent jurisdiction, and shall be irrepealable.

**Section 19. Limited Liability.** Notwithstanding anything to the contrary contained herein or in the Note or in any other document mentioned herein or related to the Note or to any Series of Bonds to which the Note may be assigned, the Local Agency shall not have any liability hereunder or by reason hereof or in connection with the transactions contemplated hereby except to the extent payable from moneys available therefor as set forth in Section 8 hereof.

**Section 20. Amendments.** At any time or from time to time, the Local Agency may adopt one or more Supplemental Resolutions with the written consents of the Authority, the Credit Provider, if any, and the Reserve Credit Provider, if any, but without the necessity for consent of the owners of the Note or of the Bonds issued in connection with the Notes for any one or more of the following purposes:

(A) to add to the covenants and agreements of the Local Agency in this Resolution, other covenants and agreements to be observed by the Local Agency which are not contrary to or inconsistent with this Resolution as theretofore in effect;

(B) to add to the limitations and restrictions in this Resolution, other limitations and restrictions to be observed by the Local Agency which are not contrary to or inconsistent with this Resolution as theretofore in effect;

(C) to confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, this Resolution, of any monies, securities or funds, or to establish any additional funds or accounts to be held under this Resolution;

(D) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in this Resolution; or

(E) to amend or supplement this Resolution in any other respect;

provided, however, that any such Supplemental Resolution does not adversely affect the interests of the owners of the Note or of the Bonds issued in connection with the Notes.

Any modifications or amendment of this Resolution and of the rights and obligations of the Local Agency and of the owners of the Note or of the Bonds issued in connection with the Notes may be made by a Supplemental Resolution, with the written consent of the owners of at least a majority in principal amount of the Note or of the Bonds issued in connection with the Notes outstanding at the time



such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as the Note or any Bonds issued in connection with the Notes remain outstanding, the consent of the owners of such Note or of such Bonds shall not be required. No such modification or amendment shall permit a change in the maturity of the Note or a reduction of the principal amount thereof or an extension of the time of any payment thereon or a reduction of the rate of interest thereon, or a change in the date or amounts of the pledge set forth in this Resolution, without the consent of the owners of such Note or the owners of the Bonds issued in connection with the Notes, or shall reduce the percentage of the Notes or Bonds the consent of the owners of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of the Trustee or Paying Agent, as applicable, without its written assent thereto.

**Section 21. Severability.** In the event any provision of this Resolution shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

**Section 22. Appointment of Bond Counsel.** The law firm of Orrick, Herrington & Sutcliffe, Los Angeles, California is hereby appointed Bond Counsel for the Program.

**Section 23. Appointment of Underwriter.** Sutro & Co. Incorporated, Los Angeles, California, is hereby appointed underwriter for the Program.

CLERK'S CERTIFICATE

I, Jennifer M. Perrin Clerk of the City of Lodi, hereby certify as follows:

The foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of the City Council duly and regularly held at the regular meeting place thereof on the 19<sup>th</sup> day of May, 1993, of which meeting all of the members of the City Council of the City of Lodi had due notice and at which a majority thereof were present; and at the meeting said resolution was adopted by the following vote:

AYES:

NOES:

ABSENT:

An agenda of said meeting was posted at least 72 hours before said meeting at various locations, Lodi, California, a location freely accessible to members of the public, and a brief general description of said resolution appeared on said agenda.

I have carefully compared the same with the original minutes of said meeting on file and of record in my office; the foregoing resolution is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes; and said resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

Dated: May 19,   , 1993

\_\_\_\_\_  
Clerk of the City of Lodi

EXHIBIT A

CITY OF LODI

1993-1994 TAX AND REVENUE ANTICIPATION NOTE, [SERIES \_\_\_]<sup>1/</sup>

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>
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REGISTERED OWNER:

PRINCIPAL AMOUNT: \_\_\_\_\_ DOLLARS

FOR VALUE RECEIVED, the Local Agency designated above (the "Local Agency"), acknowledges itself indebted to and promises to pay to the registered owner identified above, or registered assigns, on the maturity date set forth above, the principal sum specified above in lawful money of the United States of America, together with interest thereon at the rate of interest specified above (the "Note Rate"). Principal of and interest on this Note are payable in such coin or currency of the United States as at the time of payment is legal tender for payment of private and public debts, such principal and interest to be paid upon surrender hereof at the principal corporate trust office of U.S. Trust Company of California, N.A. in Los Angeles, California, or its successor in trust (the ["Trustee"/"Paying Agent"]<sup>2/</sup>). Interest shall be calculated on the basis of a 360-day year, consisting of twelve 30-day months, in like lawful money from the date hereof until the maturity date specified above and, if funds are not provided for payment at maturity, thereafter on the basis of a 360-day year for actual days elapsed until payment in full of said principal sum. Both the principal of and interest on this Note shall be payable only to the registered owner hereof upon surrender of this Note as the same shall fall due; provided, however, no interest shall be payable for any period after maturity during which the holder hereof fails to properly present this Note for payment. If the Local Agency fails to pay this Note when due or the Credit Provider (as defined in the Resolution hereinafter described), if any, is not reimbursed in full for the amount drawn on or paid pursuant to the Credit Instrument (as defined in the Resolution) to pay all or a portion (including the interest component, if applicable) of this Note on the date of such payment, this Note shall become a Defaulted Note (as defined and with the consequences set forth in the Resolution). If this Note becomes a Defaulted Note and any portion thereof remains unpaid on the Reserve Principal Payment Date (if applicable and as more particularly described and defined in the

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<sup>1/</sup> If more than one Series of Bonds is issued under the Program in Fiscal Year 1993-1994 and if the Note is pooled with notes issued by other Issuers (as defined in the Resolution).

<sup>2/</sup> Trustee if Note is pooled with notes of other Issuers; Paying Agent if Note is marketed individually, the determination of which shall be made in the Pricing Confirmation.

Resolution) this Note shall become a Defaulted Reserve Note (as defined and with the consequences set forth in the Resolution).

It is hereby certified, recited and declared that this Note (the "Note") represents the authorized issue of the Note in the aggregate principal amount authorized, executed and delivered pursuant to and by authority of certain resolutions of the Local Agency duly passed and adopted heretofore, under and by authority of Article 7.6 (commencing with Section 53850) of Chapter 4, Part 1, Division 2, Title 5 of the California Government Code (collectively, the "Resolution"), to all of the provisions and limitations of which the owner of this Note, by acceptance hereof, assents and agrees.

The principal of the Note, together with the interest thereon, shall be payable from taxes, income, revenue, cash receipts and other moneys which are received by the Local Agency for the general fund of the Local Agency and are attributable to Fiscal Year 1993-1994 and which are available for payment thereof. As security for the payment of the principal of and interest on the Note, the Local Agency has pledged the first amounts of unrestricted revenues of the Local Agency received in \_\_\_\_\_ and \_\_\_\_\_ (and any amounts received thereafter attributable to Fiscal Year 1993-1994; until the amount on deposit in the [Payment Account/Payment Fund]<sup>\*\*\*</sup> (as defined in the Resolution) in each such month, is equal to the corresponding percentages of principal of and interest due on the Note at maturity set forth in the Pricing Confirmation (as defined in the Resolution) (such pledged amounts being hereinafter called the "Pledged Revenues"), and the principal of the Note and the interest thereon shall constitute a first lien and charge thereon and shall be payable from the Pledged Revenues, and to the extent not so paid shall be paid from any other moneys of the Local Agency lawfully available therefor as set forth in the Resolution. The full faith and credit of the Local Agency is not pledged to the payment of the principal of or interest on this Note.

This Note is transferable, as provided by the Resolution, only upon the books of the Local Agency kept at the office of the [Trustee/Paying Agent], by the registered owner hereof in person or by its duly authorized attorney, upon surrender of this Note for transfer at the office of the [Trustee/Paying Agent], duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the [Trustee/Paying Agent] duly executed by the registered owner hereof or its duly authorized attorney, and upon payment of any tax, fee or other governmental charge required to be paid with respect to such transfer, a fully registered Note will be issued to the designated transferee or transferees.

The Local Agency and the [Trustee/Paying Agent] may deem and treat the registered owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and the Local Agency and the [Trustee/Paying Agent] shall not be affected by any notice to the contrary.

This Note shall not be valid or become obligatory for any purpose until the Certificate of Authentication and Registration hereon shall have been signed by the [Trustee/Paying Agent].

It is hereby certified that all of the conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Note do exist, have happened and have been performed in due time, form and manner as required by the Constitution and statutes of the State of California and that the amount of this Note, together with all other indebtedness of the Local Agency, does not exceed any limit prescribed by the Constitution or statutes of the State of California.

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<sup>\*\*\*</sup> Payment Account if Note is pooled with notes of other Issuers; Payment Fund if Note is marketed individually.

IN WITNESS WHEREOF, the Legislative Body of the Local Agency has caused this Note to be executed by the manual or facsimile signature of a duly authorized officer of the Local Agency and countersigned by the manual or facsimile signature of its duly authorized officer and caused its official seal to be affixed hereto either manually or by facsimile impression hereon as of the date of authentication set forth below.

CITY OF LODI

By \_\_\_\_\_  
Title:

(SEAL)

Countersigned

By \_\_\_\_\_  
Title:

**CERTIFICATE OF AUTHENTICATION AND REGISTRATION**

**This Note is the Note mentioned in the within-mentioned Resolution authenticated on the following date:**

\_\_\_\_\_  
**as Trustee[/Paying Agent]**

**BY** \_\_\_\_\_  
**AUTHORIZED OFFICER**

## ASSIGNMENT

For Value Received, the undersigned, \_\_\_\_\_, hereby sells, assigns and transfers unto \_\_\_\_\_ (Tax Identification or Social Security No. \_\_\_\_\_) the within Note and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney to transfer the within Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Note in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

B

**RESOLUTION NO. 93-61**

**MAXIMUM AMOUNT OF BORROWING: \$4,000,000**

**A RESOLUTION OF THE LODI CITY COUNCIL AUTHORIZING THE  
BORROWING OF FUNDS FOR FISCAL YEAR 1993-1994 AND THE ISSUANCE  
AND SALE OF A 1993-1994 TAX AND REVENUE ANTICIPATION NOTE  
THEREFOR AND PARTICIPATION IN THE CALIFORNIA CASH FLOW  
FINANCING PROGRAM**

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**WHEREAS**, Local agencies are authorized by Section 53850 to 53858, both inclusive, of the Government Code of the State of California (the "Act") (being Article 7.6, Chapter 4, Part 1, Division 2, Title 5 of the Government Code) to borrow money by the issuance of temporary notes;

**WHEREAS**, the legislative body (the "legislative Body") of the local agency specified above (the "Local Agency") has determined that a sum (the "Principal Amount"), not to exceed the Maximum Amount of Borrowing designated above, which Principal Amount is to be confirmed and set in the Pricing confirmation (as defined in Section 4 hereof), is needed for the requirements of the Local Agency, a municipal corporation, to satisfy obligations of the Local Agency, and that it is necessary that said Principal Amount be borrowed for such purpose at this time by the issuance of a note therefor in anticipation of the receipt of taxes, income, revenue, cash receipts and other moneys to be received by the Local Agency for the general fund of the Local Agency attributable to its fiscal year ending June 30, 1994 ("Fiscal Year 1993-1994");

**WHEREAS**, the Local Agency hereby determines to borrow, for the purposes set forth above, the Principal Amount by the issuance of the Note (as hereinafter defined);

**WHEREAS**, it appears, and this Legislative Body hereby finds and determines, that the Principal Amount, when added to the interest payable thereon, does not exceed eighty-five percent (85%) of the estimated amount of the uncollected taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts and other moneys of the Local Agency attributable to Fiscal Year 1993-1994 and available for the payment of the principal of the Note and the interest thereon;

**WHEREAS**, no money has heretofore been borrowed by or on behalf of the Local Agency through the issuance of tax anticipation notes or temporary notes in anticipation of the receipt of, or payable from or secured by, taxes, income, revenue, cash receipts or other moneys for Fiscal Year 1993-94,



**WHEREAS**, pursuant to Section 53856 of the Act, certain moneys which will be received by the Local Agency during and attributable to Fiscal Year 1993-1994 can be pledged for the payment of the principal of the Note and the interest thereon (as hereinafter provided);

**WHEREAS**, the Local Agency has determined that it is in the best interests of the Local Agency to participate in the California Cash Flow Financing Program (the "Program"), whereby participating local agencies (collectively, the "Issuers") will simultaneously issue tax and revenue anticipation notes;

**WHEREAS**, the Local Agency shall confirm at the time of execution of the Pricing Confirmation the marketing of its Note as either part of a pool of some or all of the notes issued by other local agencies participating in the Program or as an individual Note;

**WHEREAS**, the Program requires the participating Issuers to sell their tax and revenue anticipation notes to the California Statewide Communities Development Authority (the "Authority") pursuant to note purchase agreements (collectively, "Purchase Agreements"), each between such individual Issuer and the Authority, and dated as of the date of the Pricing Confirmation, a form of which has been submitted to the Legislative Body;

**WHEREAS**, the Authority, pursuant to advice of Sutro & Co. Incorporated, as underwriter for the Program (the "Underwriter"), will form one or more pools of notes (the "Pooled Notes") and assign each note to a particular pool (the "Pool") and sell a series (the "Series") of bonds (the "Bonds") secured by each Pool pursuant to an indenture (the "Indenture") between the Authority and U.S. Trust Company of California, N.A., as trustee (the "Trustee"), each Series distinguished by whether or what type(s) of Credit Instrument(s) (as hereinafter defined) secure(s) such Series, by the principal amounts of the notes assigned to the Pool or by other factors, or, alternatively, the Authority may market any of the notes individually (the "Separately Marketed Notes"), and the Local Agency hereby acknowledges and approves the discretion of the Authority, acting upon the advice of the Underwriter, to assign the Note to such Pool and such Indenture as the Authority may determine or, if the Authority so determines, to market the Note individually;

**WHEREAS**, if, at the time of execution of the Pricing Confirmation, the Local Agency confirms that its Note will be a Pooled Note, the Local Agency will (in the Pricing Confirmation) request the Authority to issue a Series of Bonds pursuant to an Indenture to which the Note will be assigned by the Authority in its discretion, acting upon the advice of the Underwriter, which Series of Bonds will be payable from payments of principal of and interest on the Note and the other notes comprising the same Pool and assigned to the same Indenture to which the Note is assigned;

**WHEREAS**, if, at the time of execution of the Pricing Confirmation, the Local Agency confirms that its Note will be a Separately Marketed Note, the Local Agency will (in the Pricing Confirmation) request the Authority to market the Note individually;

**WHEREAS**, as additional security for the Owners of each Series of Bonds, all or a portion of the payments by all of the Issuers of the notes assigned to such Series may or may not be secured (by virtue or in form of the Bonds, as indicated in the Pricing Confirmation, being secured in whole or in part) by an irrevocable letter (or letters) of credit or policy (or policies) of insurance or proceeds of a separate bond issue issued for such purpose (the "Reserve Fund") or other credit instrument (or instruments) (collectively, the "Credit Instrument") issued by the credit provider or credit providers designated in the Indenture, as finally executed (collectively, the "Credit Provider"), pursuant to a credit agreement or agreements or commitment letter or letters or, in the case of the Reserve Fund, an indenture (the "Reserve Indenture") (collectively, the "Credit Agreement") between (i) in the case of an irrevocable

letter (or letters) of credit or policy (or policies) of insurance, the Authority and the respective Credit Provider and (ii) in the case of the Reserve Fund, the Authority and U.S. Trust Company of California, N.A., as trustee of the Reserve Indenture (the "Reserve Trustee");

**WHEREAS**, if, as designated in the Pricing Confirmation, the Credit Instrument is the Reserve Fund, bonds issued pursuant to the Reserve Indenture (the "Reserve Bonds") may, as indicated in the Pricing Confirmation, be secured by an irrevocable letter of credit or policy of insurance or other credit instrument (the "Reserve Credit Instrument") issued by the credit provider identified in the Reserve Indenture as finally executed (the "Reserve Credit Provider"), pursuant to a credit agreement or commitment letter (the "Reserve Credit Agreement") identified in the Reserve Indenture as finally executed, such Reserve Credit Agreement being between the Authority and the Reserve Credit Provider;

**WHEREAS**, the net proceeds of the Note may be invested by the Local Agency in Permitted Investments (as defined in the Indenture) or in any other investment permitted by the laws of the State of California, as now in effect and as hereafter amended, modified or supplemented from time to time;

**WHEREAS**, as part of the Program each participating Issuer approves the Indenture, the alternative forms of Credit Agreements, if any, and the alternative forms of Reserve Credit Agreements, if any, in substantially the forms presented to the Legislative Body, with the final form of Indenture, type of Credit Instrument and corresponding Credit Agreement and type of Reserve Credit Instrument and corresponding Reserve Credit Agreement, if any, to be determined and approved by the Pricing Confirmation;

**WHEREAS**, pursuant to the Program each participating Issuer will be responsible for its share of (a) the fees of the Trustee or Paying Agent (as hereinafter defined), as applicable and the costs of issuing the applicable Series of Bonds or Separately Marketed Note, as applicable, and (b), if applicable, the fees of the Credit Provider, the fees of the Reserve Credit Provider (which shall be payable from, among other sources, investment earnings on the Reserve Fund and moneys in the Costs of Issuance Fund established and held under the Indenture), the Issuer's allocable share of all Predefault Obligations and the Issuer's Reimbursement Obligations, if any (each as defined in the Indenture);

**WHEREAS**, pursuant to the Program each participating Issuer whose Note is a Pooled Note will be responsible for its share of the fees of the Reserve Trustee and the costs of issuing the applicable Series of Reserve Bonds, all such costs and fees being payable from the proceeds of the applicable Series of Bonds (or, with respect to costs and fees of the Reserve Credit Provider, as may otherwise be provided in the Reserve Indenture);

**WHEREAS**, pursuant to the Program, the Underwriter will submit an offer to the Authority to purchase, in the case of each Pool of Notes, the Series of Bonds which will be secured by the Indenture to which such Pool will be assigned and, in the case of a Separately Marketed Note, the Note itself;

**WHEREAS**, it is necessary to engage the services of certain professionals to assist the Local Agency in its participation in the Program;

**WHEREAS**, in order to participate in the Program, the Authority requires that the Local Agency enter into and execute the Amended and Restated Joint Exercise of Powers Agreement Relating to the California Statewide Communities Development Authority, dated June 1, 1988 (the "Amended Agreement"), pursuant to which the Authority is in existence and operates;

WHEREAS, there is now before this Legislative Body a form of the Amended Agreement; and

WHEREAS, this Legislative Body, following careful review and consideration, hereby determines that it is in the public interest and for the public benefit of the Local Agency to enter into and authorize the execution of the Amended Agreement;

NOW, THEREFORE, the Legislative Body hereby finds, determines, declares and resolves as follows:

**Section 1. Recitals.** All the above recitals are true and correct and this Legislative Body so finds and determines.

**Section 2. Authorization of Issuance.** This Legislative Body hereby determines to borrow solely for the purpose of anticipating taxes, income, revenue, cash receipts and other moneys to be received by the Local Agency for the general fund of the Local Agency attributable to Fiscal Year 1993-1994, and not pursuant to any common plan of financing of the Local Agency, by the issuance of a note in the Principal Amount under Sections 53850 et seq. of the Act, designated the Local Agency's "1993-1994 Tax and Revenue Anticipation Note" (the "Note"), to be issued in the case of a Pooled Note in the form of one fully registered note at the Principal Amount thereof and in the case of a Separately Marketed Note in the form of fully registered notes in denominations of five thousand dollars (\$5,000) or any integral multiple thereof, aggregating to the Principal Amount, in each case to be dated the date of its delivery to the initial purchaser thereof, to mature (without option of prior redemption) not more than thirteen months thereafter on a date indicated on the face thereof and determined in the Pricing Confirmation (the "Maturity Date"), and to bear interest, payable at maturity and computed upon the basis of a 360-day year consisting of twelve 30-day months, at a rate not to exceed ten percent (10%) per annum as determined in the Pricing Confirmation and indicated on the face of the Note (the "Note Rate"). If the Series of Bonds issued in connection with the Note is secured in whole or in part by a Credit Instrument or such Credit Instrument (other than the Reserve Fund) secures the Note in whole or in part and all principal of and interest on the Note is not paid in full at maturity or payment of principal of and interest on the Note is paid (in whole or in part) by a draw under, payment by or claim upon a Credit Instrument which draw, payment or claim is not fully reimbursed on such date, it shall become a Defaulted Note (as defined in the Indenture), and the unpaid portion (including the interest component, if applicable) thereof (or the portion (including the interest component, if applicable) thereof with respect to which a Credit Instrument applies for which reimbursement on a draw, payment or claim has not been fully made) shall be deemed outstanding and shall continue to bear interest thereafter until paid at the Default Rate (as defined in the Indenture). If the Credit Instrument is the Reserve Fund and the Reserve Bonds issued to fund the Reserve Fund are secured by the Reserve Credit Instrument and a Drawing (as defined in the Indenture) pertaining to the Note is not fully reimbursed by the Reserve Principal Payment Date (as defined in the Indenture), the Note shall become a Defaulted Reserve Note (as defined in the Indenture), and the unpaid portion (including the interest component, if applicable) thereof (or portion (including the interest component, if applicable) with respect to which the Reserve Fund applies for which reimbursement on a Drawing has not been fully made) shall be deemed outstanding and shall continue to bear interest thereafter until paid at the Default Rate. If the Note or the Series of Bonds issued in connection with the Note is unsecured in whole or in part and the Note is not fully paid at maturity, the unpaid portion thereof (or the portion thereof to which no Credit Instrument applies which is unpaid) shall be deemed outstanding and shall continue to bear interest thereafter until paid at the Default Rate. In each case set forth in the preceding three sentences, the obligation of the Local Agency with respect to such Defaulted Note or unpaid Note shall not be a debt or liability of the Local Agency prohibited by Article XVI, Section 18 of the California Constitution and the Local Agency shall not be liable thereon except to the extent of any available revenues attributable to Fiscal Year 1993-1994, as provided in

Section 8 hereof. The percentage of the Note to which a Credit Instrument, if any, applies (the "Secured Percentage") shall be (i) equal to 100%, if the size of the Credit Instrument is greater than or equal to the aggregate amount of principal of and interest on all unpaid notes (or unpaid portions thereof) assigned to the particular Series of Bonds as of the maturity date or (ii) equal to the amount of the Credit Instrument divided by the aggregate amount of unpaid principal of and interest on such unpaid notes (or portions thereof), expressed as a percentage, if the size of the Credit Instrument is less than the aggregate amount of unpaid principal of and interest on such unpaid notes (or unpaid portions thereof) as of the maturity date. The percentage of the Note to which the Reserve Credit Instrument, if any, applies (the "Secured Reserve Percentage") shall be (i) equal to 100%, if the size of the Reserve Credit Instrument is greater than or equal to the aggregate amount of principal of and interest on unpaid notes (or unpaid portions thereof, including the interest component if applicable) assigned to the particular Series of Bonds (secured by the Reserve Fund funded by the Reserve Bonds secured by the Reserve Credit Instrument) as of the Reserve Principal Payment Date or (ii) equal to the amount of the Reserve Credit Instrument divided by the aggregate amount of unpaid principal of and interest on such unpaid notes (or portions thereof, including the interest component, if applicable), expressed as a percentage, if the size of the Reserve Credit Instrument is less than the aggregate amount of unpaid principal of and interest on such unpaid notes (or unpaid portions thereof) as of the Reserve Principal Payment Date.

Both the principal of and interest on the Note shall be payable in lawful money of the United States of America, but only upon surrender thereof, at the corporate trust office of U.S. Trust Company of California, N.A. in Los Angeles, California. The Principal Amount of the Note shall, prior to the issuance thereof, be reduced from the Maximum Amount of Borrowing specified above if and to the extent necessary to obtain an approving legal opinion of Orrick, Herrington & Sutcliffe ("Bond Counsel") as to the legality thereof and the exclusion from gross income for federal tax purposes of interest thereon. The Principal Amount of the Note shall, prior to the issuance thereof, also be reduced from the Maximum Amount of Borrowing specified above, and other conditions shall be met by the Local Agency, if and to the extent necessary to obtain from the Credit Provider or the Reserve Credit Provider, as the case may be, its agreement to issue the Credit Instrument or Reserve Credit Instrument, as applicable. If the Note is a Pooled Note and the Credit Instrument is the Reserve Fund which is backed by a Reserve Credit Instrument, the issuance of the Note shall be subject to the approval of the Reserve Credit Provider. Notwithstanding anything to the contrary contained herein, the decision of the Credit Provider to issue the Credit Instrument and the approval of the Reserve Credit Provider of the issuance of a Pooled Note shall be totally discretionary on the part of the Credit Provider or Reserve Credit Provider, as applicable, and nothing herein shall be construed to require the Credit Provider or Reserve Credit Provider to issue a Credit Instrument or approve the issuance of a Pooled Note, as applicable.

Whether issued as a Pooled Note or a Separately Marketed Note, the Note shall be issued in conjunction with the note or notes of one or more other Issuers as part of the Program and within the meaning of Section 53853 of the Act.

**Section 3. Form of Note.** The Note shall be issued in fully registered form without coupons and shall be substantially in the form and substance set forth in Exhibit A as attached hereto and by reference incorporated herein, the blanks in said forms to be filled in with appropriate words and figures.

**Section 4. Sale of Note; Delegation.** Any one of the Mayor, the City Manager or the Finance Director/Treasurer of the Local Agency, as the case may be, or, in the absence of said officer, his or her duly appointed assistant (collectively, the "Authorized Officer"), is hereby authorized and directed to negotiate, with the Authority, an interest rate on the Note to the stated maturity thereof, which shall not exceed ten percent (10%) per annum, and the purchase price to be paid by the Authority for the Note, which purchase price shall be at a discount which when added to the Local Agency's share of the

costs of issuance shall not be more than one percent (1%) of the principal amount of the Note, and, if such interest rate and price and other terms of the sale of the Note set out in the Pricing Confirmation are acceptable to the Authorized Officer, the Authorized Officer is hereby further authorized and directed to execute and deliver the pricing confirmation supplement to be delivered by the Underwriter (on behalf of the Authority) to the Local Agency on a date within 10 days of said negotiation of interest rate and purchase price during the period from May 1, 1993 through March 1, 1994 (the "Pricing Confirmation"), substantially in the form presented to this meeting as Schedule I to the Purchase Agreement, with such changes therein as the Authorized Officer shall require or approve, and such other documents or certificates required to be executed and delivered thereunder or to consummate the transactions contemplated hereby or thereby, for and in the name and on behalf of the Local Agency, such approval by this Legislative Body and the Authorized Officer to be conclusively evidenced by such execution and delivery. Any Authorized Officer is hereby further authorized to execute and deliver, prior to the execution and delivery of the Pricing Confirmation, the Purchase Agreement substantially in the form presented to this meeting, with such changes therein as the Authorized Officer shall require or approve, such approval to be conclusively evidenced by such execution and delivery; provided, however, that the Purchase Agreement shall not be effective and binding on the Local Agency until the execution and delivery of the Pricing Confirmation. Delivery of an executed copy of the Pricing Confirmation by fax or telecopy shall be deemed effective execution and delivery for all purposes.

**Section 5. Program Approval.** The Note shall be a Separately Marketed Note or a Pooled Note, as set forth in the Pricing Confirmation. In the case of Pooled Notes, the Pricing Confirmation may, but shall not be required to, specify the Series of Bonds to the Trustee under the Indenture for which the Note will be assigned (but need not include information about other notes assigned to the same pool or their Issuers). The Pricing Confirmation shall indicate whether and what type of Credit Instrument and, if applicable, Reserve Credit Instrument will apply.

The forms of Indenture, alternative general types and forms of Credit Agreements, if any, and alternative general types and forms of Reserve Credit Agreements, if any, presented to this meeting are hereby acknowledged, and it is acknowledged that the Authority will execute and deliver the Indenture, one or more Credit Agreements, if applicable, and one or more Reserve Credit Agreements, if applicable, which shall be identified in the Pricing Confirmation, in substantially one or more of said forms with such changes therein as the Authorized Officer who executes the Pricing Confirmation shall require or approve (substantially final forms of the Indenture, the Credit Agreement and, if applicable, the Reserve Credit Agreement are to be delivered to the Authorized Officer concurrent with the Pricing Confirmation), such approval of the Authorized Officer and this Legislative Body to be conclusively evidenced by the execution of the Pricing Confirmation. In the case where the Note is to be assigned to an Indenture, it is acknowledged that the Authority is authorized and requested to issue Bonds pursuant to and as provided in the Indenture as finally executed. If the Credit Agreement identified in the Pricing Confirmation is the Reserve Indenture, it is acknowledged that the Authority will issue the Reserve Bonds pursuant to and as provided in the Reserve Indenture as finally executed.

The Authorized Officer is hereby authorized and directed to provide the Underwriter with such information relating to the Local Agency as the Underwriter shall reasonably request for inclusion in the Preliminary Official Statement and Official Statement of the Authority in the case where the Note is a Pooled Note or in such other offering document prepared in the case of a Separately Marketed Note. Upon inclusion of the information relating to the Local Agency therein, the Preliminary Official Statement and Official Statement or such other offering document is, except for certain omissions permitted by Rule 15c2-12 of the Securities Exchange Act of 1934, as amended (the "Rule"), hereby deemed final within the meaning of the Rule with respect to the Local Agency. If, at any time prior to the execution of the Pricing Confirmation, any event occurs as a result of which the information contained in the Preliminary Official Statement or other offering document relating to the Local Agency might include an untrue

statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Local Agency shall promptly notify the Underwriter.

In the event the Pricing Confirmation specifies that the Credit Agreement shall be a Reserve Indenture, it is acknowledged that the Authority will issue the Reserve Bonds for the purpose of credit enhancement of the Bonds pursuant to and as provided in the Reserve Indenture as finally executed in accordance with the preceding paragraph.

Subject to Section 8 hereof, the Local Agency hereby agrees that if the Note shall become a Defaulted Note, the unpaid portion (including the interest component, if applicable) thereof or the portion (including the interest component, if applicable) to which a Credit Instrument applies for which full reimbursement on a draw, payment or claim has not been made by the Maturity Date shall be deemed outstanding and shall not be deemed to be paid until (i) any Credit Provider providing a Credit Instrument with respect to the Note or the Series of Bonds issued in connection with the Note, has been reimbursed for any drawings, payments or claims made under or from the Credit Instrument with respect to the Note, including interest accrued thereon, as provided therein and in the applicable Credit Agreement, and, (ii) the holders of the Note or Series of the Bonds issued in connection with the Note are paid the full principal amount represented by the unsecured portion of the Note plus interest accrued thereon (calculated at the Default Rate) to the date of deposit of such aggregate required amount with the Trustee. For purposes of clause (ii) of the preceding sentence, holders of the Series of Bonds will be deemed to have received such principal amount upon deposit of such moneys with the Trustee.

Subject to Section 8 hereof, the Local Agency hereby agrees that if the Note shall become a Defaulted Reserve Note, the unpaid portion (including the interest component, if applicable) thereof or the portion (including the interest component, if applicable) to which a Reserve Credit Instrument, if any, applies for which full reimbursement on a Drawing has not been made by the Reserve Principal Payment Date shall be deemed outstanding and shall not be deemed paid until (i) any Reserve Credit Provider providing a Reserve Credit Instrument with respect to the Reserve Bonds (against the Reserve Fund of which such Drawing was made) has been reimbursed for any drawing or payment made under the Reserve Credit Instrument with respect to the Note, including interest accrued thereon, as provided therein and in the Reserve Credit Agreement, and (ii) the holders of the Note or Series of Bonds issued in connection with the Note are paid the full principal amount represented by the unsecured portion of the Note plus interest accrued thereon (calculated at the Default Rate) to the date of deposit of such aggregate required amount with the Trustee. For the purposes of clause (ii) of the preceding sentence, holders of the Series of Bonds will be deemed to have received such principal amount upon deposit of such moneys with the Trustee.

The Local Agency agrees to pay or cause to be paid, in addition to the amounts payable under the Note, any fees or expenses of the Trustee and, to the extent permitted by law, if the Local Agency's Note is secured in whole or in part by a Credit Instrument and, if applicable, a Reserve Credit Instrument (by virtue of the fact that the Series of Bonds is secured by a Credit Instrument and, if applicable, Reserve Bonds are secured by a Reserve Credit Instrument), any Predefault Obligations and Reimbursement Obligations (to the extent not payable under the Note), (i) arising out of an "Event of Default" hereunder (or pursuant to Section 7 hereof) or (ii) arising out of any other event (other than an event arising solely as a result of or otherwise attributable to a default by any other Issuer). In the case described in (ii) above with respect to Predefault Obligations, the Local Agency shall owe only the percentage of such fees, expenses and Predefault Obligations equal to the ratio of the principal amount of its Note over the aggregate principal amounts of all notes, including the Note, of the Series of which the Note is a part, at the time of original issuance of such Series. Such additional amounts will be paid

by the Local Agency within twenty-five (25) days of receipt by the Local Agency of a bill therefor from the Trustee.

**Section 6. No Joint Obligation.** The Note will be issued in conjunction with a note or notes of one or more other issuers, either as a Separately Marketed Note or as a Pooled Note assigned to secure a Series of Bonds. In all cases, the obligation of the Local Agency to make payments on or in respect to its Note is a several and not a joint obligation and is strictly limited to the Local Agency's repayment obligation under this Resolution and the Note.

**Section 7. Disposition of Proceeds of Note.**

(A) **Provisions applicable if the Note is a Pooled Note.** If the Note is a Pooled Note, the moneys received from the sale of the Note or of the Series of Bonds issued in connection with the Note allocable to the Local Agency's share of the costs of issuance (which shall include any fees and expenses in connection with any Credit Instrument (and the Reserve Credit Instrument, if any) applicable to the Note or Series of Bonds and the corresponding Reserve Bonds, if any) shall be deposited in the Costs of Issuance Fund held and invested by the Trustee under the Indenture and expended as directed by the Underwriter on costs of issuance as provided in the Indenture. The moneys received from the sale of the Note to the Authority, or allocable to the Note from the sale of Bonds, (net of the Local Agency's share of the costs of issuance) shall be deposited in the Local Agency's Proceeds Subaccount hereby authorized to be created pursuant to, and held and invested by the Trustee under, the Indenture for the Local Agency and said moneys may be used and expended by the Local Agency for any purpose for which it is authorized to use and expend moneys, upon requisition from the Proceeds Subaccount as specified in the Indenture.

(B) **Provisions applicable if the Note is a Separately Marketed Note.** If the Note is a Separately Marketed Note, the moneys received from the sale of the Note allocable to the costs of issuance shall be deposited in a Costs of Issuance Account held and invested by the Paying Agent and expended as directed by the Underwriter on costs of issuance. The Paying Agent is hereby authorized and directed to establish and hold a Costs of Issuance Account. The moneys received from the sale of the Note (net of the costs of issuance) shall be deposited in the Local Agency's Proceeds Account hereby authorized to be created for the Local Agency and said moneys may be used and expended by the Local Agency for any purpose for which it is authorized to use and expend moneys, upon requisition from the Proceeds Account. The Paying Agent is hereby authorized and directed to establish and hold a Proceeds Account. Any such Paying Agent shall signify its acceptance of its duties and obligations as such by executing a certificate of acceptance.

**Section 8. Source of Payment.**

(A) **Provisions Applicable if the Note is a Pooled Note.**

(1) The principal amount of the Note, together with the interest thereon, shall be payable from taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts and other moneys which are received by the Local Agency for the general fund of the Local Agency and are attributable to Fiscal Year 1993-1994 and which are available for payment thereof. As security for the payment of the principal of and interest on the Note, the Local Agency hereby pledges certain unrestricted revenues (as hereinafter provided) which are received by the Local Agency for the general fund of the Local Agency and are attributable to Fiscal Year 1993-1994, and the principal of the Note and the interest thereon shall constitute a first lien and charge thereon and shall be payable from the first moneys received by the Local Agency from such pledged revenues, and, to the extent not so paid, shall be paid from any other taxes, income, revenue, cash receipts and other

moneys of the Local Agency lawfully available therefor (all as provided for in Sections 53856 and 53857 of the Act). The Noteholders, Bondholders, Credit Provider and, if applicable, the Reserve Credit Provider shall have a first lien and charge on such certain unrestricted revenues as hereinafter provided which are received by the Local Agency and are attributable to Fiscal Year 1993-1994. In order to effect the pledge referenced in the preceding two sentences, the Local Agency hereby agrees and covenants to establish and maintain a special account within the Local Agency's general fund to be designated the "1993 Tax and Revenue Anticipation Note Payment Account" (the "Payment Account") and further agrees and covenants to maintain the Payment Account until the payment of the principal of the Note and the interest thereon. The Local Agency agrees to transfer to and deposit in the Payment Account the first amounts received in the months specified in the Pricing Confirmation as Repayment Months (each individual month a "Repayment Month" and collectively "Repayment Months") (and any amounts received thereafter attributable to Fiscal Year 1993-1994) until the amount on deposit in the Payment Account is equal in the respective Repayment Months identified in the Pricing Confirmation to the percentage of the principal and interest due on the Note at maturity specified in the Pricing Confirmation. In making such transfer and deposit, the Local Agency shall not be required to physically segregate the amounts to be transferred to and deposited in the Payment Account from the Local Agency's other general fund moneys, but, notwithstanding any commingling of funds for investment or other purposes, the amounts required to be transferred to and deposited in the Payment Account shall nevertheless be subject to the lien and charge created herein. The number of Repayment Months determined in the Pricing Confirmation shall not exceed six and the amount of money required to be deposited in each Repayment Month as determined in the Pricing Confirmation shall not exceed fifty percent (50%) of the principal and interest due on the Note at maturity (such pledged amounts being hereinafter called the "Pledged Revenues"). The Authorized Officer is hereby authorized to approve the determination of the Repayment Months and percentages of the principal and interest due on the Note at maturity required to be on deposit in the Payment Account in each Repayment Month, all as specified in the Pricing Confirmation, by executing and delivering the Pricing Confirmation, such execution and delivery to be conclusive evidence of approval by this Legislative Body and such officer. In the event on the day in each such Repayment Month that a deposit to the Payment Account is required to be made, the Local Agency has not received sufficient unrestricted revenues to permit the deposit into the Payment Account of the full amount of Pledged Revenues to be deposited in the Payment Account from said unrestricted revenues in said month, then the amount of any deficiency shall be satisfied and made up from any other moneys of the Local Agency lawfully available for the payment of the principal of the Note and the interest thereon, as and when such other moneys are received or are otherwise legally available. The term "unrestricted revenues" shall mean all taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts, and other moneys, intended as receipts for the general fund of the Local Agency attributable to Fiscal Year 1993-1994 and which are generally available for the payment of current expenses and other obligations of the Local Agency.

(2) Any moneys placed in the Payment Account shall be for the benefit of (i) the holders of Bonds issued in connection with the Notes, (ii) (to the extent provided in the Indenture) the Credit Provider, if any, and (iii) (to the extent provided in the Indenture and, if applicable, the Credit Agreement) the Reserve Credit Provider, if any. The moneys in the Payment Account shall be applied only for the purposes for which the Payment Account is created until the principal of the Note and all interest thereon are paid or until provision has been made for the payment of the principal of the Note at maturity with interest to maturity (in accordance with the requirements for defeasance of the Bonds as set forth in the Indenture) and, if applicable, (to the extent provided in the Indenture and, if applicable, the Credit Agreement) the payment of all Predefault Obligations and Reimbursement Obligations owing to the Credit Provider and, if applicable, the Reserve Credit Provider.

(3) At least two (2) Business Days (as defined in the Indenture) prior to the Maturity Date of the Note, the moneys in the Payment Account shall be transferred by the Local Agency to the



Trustee for deposit into the Bond Payment Fund, to the extent necessary, to pay the principal of and interest on the Note or to reimburse the Credit Provider for payments made under or pursuant to the Credit Instrument. In the event that moneys in the Payment Account are insufficient to pay the principal of and interest on the Note in full on the Maturity Date, moneys in the Payment Account shall be applied in the following priority: first to pay interest on the Note; second to pay principal of the Note; third to reimburse the Credit Provider for payment, if any, of interest with respect to the Note; fourth to reimburse the Credit Provider for payment, if any, of principal with respect to the Note; fifth to reimburse the Reserve Credit Provider, if any, for payment, if any, of interest with respect to the Note; sixth to reimburse the Reserve Credit Provider, if any, for payment, if any, of principal with respect to the Note; and seventh to pay any Reimbursement Obligations of the Local Agency and any of the Local Agency's pro rata share of Predefault Obligations owing to the Credit Provider and Reserve Credit Provider (if any) as applicable. Any moneys remaining in or accruing to the Payment Account after the principal of the Note and the interest thereon and any Predefault Obligations and Reimbursement Obligations, if applicable, have been paid, or provision for such payment has been made, shall be transferred to the general fund of the Local Agency, subject to any other disposition required by the Indenture, or, if applicable, the Credit Agreement. Nothing herein shall be deemed to relieve the Local Agency from its obligation to pay its Note in full on the Maturity Date.

(4) Moneys in the Proceeds Subaccount shall be invested by the Trustee pursuant to the Indenture as directed by the Local Agency in Permitted Investments as described in and under the terms of the Indenture. Any such investment by the Trustee shall be for the account and risk of the Local Agency, and the Local Agency shall not be deemed to be relieved of any of its obligations with respect to the Note, the Predefault Obligations or Reimbursement Obligations, if any, by reason of such investment of the moneys in its Proceeds Subaccount.

(5) At the written request of the Credit Provider, if any, or the Reserve Credit Provider, if any, the Local Agency shall, within ten (10) Business Days following the receipt of such written request, file such report or reports to evidence the transfer to and deposit in the Payment Account required by this Section 8 and provide such additional financial information as may be required by the Credit Provider, if any, or the Reserve Credit Provider, if any.

(B) Provisions applicable if the Note is a Separately Marketed Note.

(1) The principal amount of the Note, together with the interest thereon, shall be payable from taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts and other moneys which are received by the Local Agency for the general fund of the Local Agency and are attributable to Fiscal Year 1993-1994 and which are available for payment thereof. As security for the payment of the principal of and interest on the Note, the Local Agency hereby pledges certain unrestricted revenues (as hereinafter provided) which are received by the Local Agency for the general fund of the Local Agency and are attributable to Fiscal Year 1993-1994, and the principal of the Note and the interest thereon shall constitute a first lien and charge thereon and shall be payable from the first moneys received by the Local Agency from such pledged revenues, and, to the extent not so paid, shall be paid from any other taxes, income, revenue, cash receipts and other moneys of the Local Agency lawfully available therefor (all as provided for in Sections 53856 and 53857 of the Act). In order to effect this pledge, the Local Agency hereby agrees and covenants to establish and maintain a special fund within the Local Agency's general fund to be designated the "1993 Tax and Revenue Anticipation Note Payment Fund" (the "Payment Fund"), and further agrees and covenants to maintain the Payment Fund until the payment of the principal of the Note and the interest thereon. The Local Agency agrees to transfer to and deposit in the Payment Fund the first amounts received in the months specified in the Pricing Confirmation as Repayment Months (each individual month a "Repayment Month" and collectively "Repayment Months") (and any amounts received thereafter attributable to Fiscal

Year 1993-1994) until the amount on deposit in the Payment Fund is equal in the respective Repayment Months identified in the Pricing Confirmation to the percentages of the principal and interest due on the Note at maturity specified in the Pricing Confirmation. In making such transfer and deposit, the Local Agency shall not be required to physically segregate the amounts to be transferred to and deposited in the Payment Fund from the Local Agency's other general fund moneys, but, notwithstanding any commingling of funds for investment or other purposes, the amounts required to be transferred to and deposited in the Payment Fund shall nevertheless be subject to the lien and charge created herein. The number of Repayment Months determined in the Pricing Confirmation shall not exceed six and the amount of money required to be deposited in each Repayment Month as determined in the Pricing Confirmation shall not exceed fifty percent (50%) of the principal and interest due on the Note at maturity (such pledged amounts being hereinafter called the "Pledged Revenues"). The Authorized Officer is hereby authorized to approve the determination of the Repayment Months and percentages of the principal and interest due on the Note at maturity required to be on deposit in the Payment Fund in each Repayment Month, all as specified in the Pricing Confirmation, by executing and delivering the Pricing Confirmation, such execution and delivery to be conclusive evidence of approval by this Legislative Body and such officer. In the event that on the day in each such Repayment Month that a deposit to the Payment Fund is required to be made, the Local Agency has not received sufficient unrestricted revenues to permit the deposit into the Payment Fund of the full amount of Pledged Revenues to be deposited in the Payment Fund from said unrestricted revenues in said month, then the amount of any deficiency shall be satisfied and made up from any other moneys of the Local Agency lawfully available for the payment of the principal of the Note and the interest thereon, as and when such other moneys are received or are otherwise legally available. The term "unrestricted revenues" shall mean all taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts, and other moneys, intended as receipts for the general fund of the Local Agency attributable to Fiscal Year 1993-1994 and which are generally available for the payment of current expenses and other obligations of the Local Agency.

(2) Any moneys placed in the Payment Fund shall be for the benefit of the owner of the Note. The moneys in the Payment Fund shall be applied only for the purposes for which the Payment Fund is created until the principal of the Note and all interest thereon are paid or until provision has been made for the payment of the principal of the Note at maturity with interest to maturity.

(3) At least two (2) Business Days prior to the Maturity Date of the Note, the moneys in the Payment Fund shall be transferred by the Local Agency to the Paying Agent, to the extent necessary, to pay the principal of and interest on the Note. In the event that moneys in the Payment Fund are insufficient to pay the principal of and interest on the Note in full on the Maturity Date, moneys in the Payment Fund shall be applied in the following priority: first to pay interest on the Note and second to pay principal of the Note. Any moneys remaining in or accruing to the Payment Fund after the principal of the Note and the interest thereon, have been paid, or provision for such payment has been made, shall be transferred by the Paying Agent to the Local Agency.

(4) Moneys in the Proceeds Account shall be invested by the Paying Agent pursuant to instructions of the Local Agency in an investment agreement or investment agreements designated in the Pricing Confirmation and/or other permitted investments designated in the Pricing Confirmation. The type of investment or investments to be applicable to the proceeds of the Note shall be determined in the Pricing Confirmation. Any such investment by the Paying Agent shall be for the account and risk of the Local Agency and the Local Agency shall not be deemed to be relieved of any of its obligations with respect to the Note, by reason of such investment of the moneys in its Proceeds Account.

**Section 9. Execution of Note.** Any one of the Mayor or the City Manager of the Local Agency or any other officer designated by the Legislative Body shall be authorized to execute the Note

by manual or facsimile signature and the Secretary or Clerk of the Legislative Body of the Local Agency, or any duly appointed assistant thereto, shall be authorized to countersign the Note by manual or facsimile signature. Said officers of the Local Agency, are hereby authorized to cause the blank spaces of the Note to be filled in as may be appropriate pursuant to the Pricing Confirmation. If the Note is a Pooled Note, said officers are hereby authorized and directed to cause the Trustee, as registrar and authenticating agent, to authenticate and accept delivery of the Note pursuant to the terms and conditions of the Purchase Agreement, this Resolution and the Indenture. If the Note is a Separately Marketed Note, said officers are hereby authorized and directed to cause U.S. Trust Company of California, N.A. as paying agent, registrar and authenticating agent (the "Paying Agent") to authenticate and deliver the Note pursuant to the terms and conditions of the Purchase Agreement and this Resolution. In case any officer whose signature shall appear on any Note shall cease to be such officer before the delivery of such Note, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. The Note shall have thereon a certificate of authentication substantially in the form hereinafter set forth duly executed by the Trustee or Paying Agent (as applicable) and showing the date of authentication. The Note shall not be valid or obligatory for any purpose or be entitled to any security or benefit under this Resolution unless and until such certificate of authentication shall have been duly executed by the Trustee or Paying Agent, as applicable, by manual signature, and such certificate of authentication upon any such Note shall be conclusive evidence that such has been authenticated and delivered under this Resolution. The certificate of authentication on the Note shall be deemed to have been executed by the Trustee or Paying Agent, as applicable, if signed by an authorized officer of the Trustee or Paying Agent, as applicable. The Note need not bear the seal of the Local Agency, if any.

#### **Section 10. Note Registration and Transfer.**

(A) Provisions Applicable if the Note is a Pooled Note. (1) As long as the Note remains outstanding, the Local Agency shall maintain and keep at the principal corporate trust office of the Trustee, books for the registration and transfer of the Note. The Note shall initially be registered in the name of the Trustee under the Indenture to which the Note is assigned. Upon surrender of the Note for transfer at the office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or its duly authorized attorney, and upon payment of any tax, fee or other governmental charge required to be paid with respect to such transfer or the Local Agency shall execute and the Trustee shall authenticate and deliver, in the name of the designated transferee, a fully registered Note. For every transfer of the Note, the Local Agency or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to the transfer, which sum or sums shall be paid by the person requesting such transfer as a condition precedent to the exercise of the privilege of making such transfer.

(2) Subject to Section 6 hereof, the Local Agency and the Trustee and their respective successors may deem and treat the person in whose name the Note is registered as the absolute owner thereof for all purposes and the Local Agency and the Trustee and their respective successors shall not be affected by any notice to the contrary, and payment of or on account of the principal of the Note shall be made only to or upon the order of the registered owner thereof. All such payments shall be valid and effectual to satisfy and discharge the liability upon the Note to the extent of the sum or sums so paid.

(3) Any Note may, in accordance with its terms, be transferred upon the books required to be kept by the Trustee, pursuant to the provisions hereof by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Note for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in form approved by the Trustee.

(4) The Trustee or the Authorized Officer of the Local Agency, acting separately or together, are authorized to sign any letter of representations which may be required in connection with the delivery of the Bonds if such Bonds are delivered in book-entry form.

(5) In the event the Credit Instrument is the Reserve Fund and Reserve Bonds are issued in connection therewith, if such Reserve Bonds must be redeemed in part pursuant to the provisions of the Reserve Indenture, the Reserve Trustee is authorized and directed to execute and deliver to the registered owner thereof at the expense of the Local Agency if the Local Agency's Note is then deemed outstanding, a new Reserve Bond or Reserve Bonds of authorized denominations pursuant to the terms of the Reserve Indenture.

(B) Provisions Applicable if the Note is a Separately Marketed Note. (1) As long as the Note remains outstanding, the Local Agency shall maintain at the principal corporate trust office of the Paying Agent, books for the registration and transfer of the Note. The Note shall be prepared in the form of fully registered Notes in denominations of five thousand dollars (\$5,000) or any integral multiple thereof. The Note shall be initially issued registered in the name of "Cede & Co.," as nominee of The Depository Trust Company, New York, New York, and shall be evidenced by one Note to be in a denomination corresponding to the total principal amount of the Note. Registered ownership of the Note, or any portion hereof, may not hereafter be transferred except as hereinafter set forth. Registered ownership of such Note, or any portion thereof, may not thereafter be transferred except:

(a) to any successor of The Depository Trust Company or its nominee, or of any substitute depository designated pursuant to clause (b) of this subsection (1) ("Substitute Depository"); provided that any successor of The Depository Trust Company or Substitute Depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(b) to any Substitute Depository not objected to by the Local Agency, upon (i) the resignation of The Depository Trust Company or its successor (or any Substitute Depository or its successor) from its functions as depository, or (ii) a determination by the Local Agency to substitute another depository for The Depository Trust Company (or its successor) because The Depository Trust Company (or its successor) is no longer able to carry out its functions as depository; provided that any such Substitute Depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(c) to any person as provided below, upon (i) the resignation of The Depository Trust Company or its successor (or any Substitute Depository or its successor) from its functions as depository, or (ii) a determination by the Local Agency to discontinue using a depository.

(2) In the case of any transfer pursuant to clause (a) or clause (b) of subsection (1) of this subsection (B), upon receipt of all outstanding Notes by the Paying Agent, together with a written request of an Authorized Officer of the Local Agency to the Paying Agent designating the Substitute Depository, a single new Note, which the Local Agency shall prepare or cause to be prepared, shall be executed and delivered, registered in the name of such successor or such Substitute Depository, or their nominees, as the case may be, all as specified in such written request of an Authorized Officer of the Local Agency. In the case of any transfer pursuant to clause (c) of subsection (1) of this subsection (B), upon receipt of all outstanding Notes by the Paying Agent, together with a written request of an Authorized Officer of the Local Agency to the Paying Agent, new Notes, which the Local Agency shall prepare or cause to be prepared, shall be executed and delivered in such denominations and registered

in the names of such persons as are requested in such written request of an Authorized Officer of the Local Agency, subject to the limitations of Section 2 hereof.

(3) Subject to Section 6 hereof, the Paying Agent and the Local Agency and their respective successors shall be entitled to treat the person in whose name any Note is registered as the Owner thereof for all purposes of this Resolution and any applicable laws, notwithstanding any notice to the contrary received by the Local Agency; and the Local Agency shall not have responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any beneficial owners of the Note. Neither the Local Agency, nor the Paying Agent nor their respective successors shall have any responsibility or obligation, legal or otherwise, to any such beneficial owners or to any other party, including The Depository Trust Company or its successor (or Substitute Depository or its successor), except to the owner of any Notes, and the Local Agency and the Paying Agent may rely conclusively on their records as to the identity of the owners of the Note.

(4) Notwithstanding any other provision of this Resolution and so long as the Note is outstanding and registered in the name of Cede & Co. or its registered assigns, the Local Agency shall cooperate with Cede & Co., as sole registered Noteowner, and its registered assigns in effecting payment of the principal of and interest on the Note by arranging for payment in such manner that funds for such payments are properly identified and are made available on the date they are due all in accordance with a letter of representations to be delivered in connection with the Note (the "Letter of Representations"), the provisions of which the Local Agency may rely upon to implement the foregoing procedures notwithstanding any inconsistent provisions herein. The Authorized Officer is hereby directed to execute the Letter of Representations on behalf of the Local Agency.

(C) Provisions Applicable to both Pooled Notes and Separately Marketed Notes.

(1) The Trustee or Paying Agent, as applicable, will keep or cause to be kept, at its principal corporate trust office, sufficient books for the registration and transfer of the Note, which shall be open to inspection by the Local Agency during regular business hours. Upon presentation for such purpose, the Trustee or Paying Agent, as applicable, shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such books, the Note as hereinbefore provided.

(2) If any Note shall become mutilated, or the Local Agency, at the expense of the registered owner of such Note, shall execute, and the Trustee or Paying Agent, as applicable, shall thereupon authenticate and deliver a new Note of like tenor and number in exchange and substitution for the Note so mutilated, but only upon surrender to the Trustee or Paying Agent, as applicable, of the Note so mutilated. Every mutilated Note so surrendered to the Trustee shall be cancelled by it and delivered to, or upon the order of, the Local Agency. If any Note shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Local Agency and the Trustee or Paying Agent, as applicable, and, if such evidence be satisfactory to them and indemnity satisfactory to them shall be given, the Local Agency, at the expense of the registered owner, shall execute, and the Trustee or the Paying Agent, as applicable, shall thereupon authenticate and deliver a new Note of like tenor and number in lieu of and in substitution for the Note so lost, destroyed or stolen (or if any such Note shall have matured or shall be about to mature, instead of issuing a substitute Note, the Trustee or Paying Agent, as applicable, may pay the same without surrender thereof). The Trustee or Paying Agent, as applicable, may require payment of a sum not exceeding the actual cost of preparing each new Note issued pursuant to this paragraph and of the expenses which may be incurred by the Local Agency and the Trustee or Paying Agent, as applicable, in such preparation. Any Note issued under these provisions in lieu of any Note alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Local Agency, whether or not the Note so alleged to be lost, destroyed or

stolen be at any time enforceable by anyone, and shall be entitled to the benefits of this Resolution with all other Notes secured by this Resolution.

**Section 11. Representations and Covenants.**

(A) The Local Agency is a municipal corporation duly organized and existing under and by virtue of the laws of the State of California and has all necessary power and authority to (i) adopt the Resolution, (ii) enter into and perform its obligations under the Purchase Agreement, and (iii) issue the Note.

(B) (i) Upon the issuance of the Note, the Local Agency will have taken all action required to be taken by it to authorize the issuance and delivery of the Note and the performance of its obligations thereunder, and (ii) the Local Agency has full legal right, power and authority to issue and deliver the Note

(C) The issuance of the Note, the adoption of the Resolution and the execution and delivery of the Purchase Agreement, and compliance with the provisions hereof and thereof will not conflict with, breach or violate any law, administrative regulation, court decree, resolution, charter, by-laws or other agreement to which the Local Agency is subject or by which it is bound.

(D) Except as may be required under blue sky or other securities law of any state or Section 3(a)(2) of the Securities Act of 1933, there is no consent, approval, authorization or other order of, or filing with, or certification by, any regulatory authority having jurisdiction over the Local Agency required for the issuance and sale of the Note or the consummation by the Local Agency of the other transactions contemplated by this Resolution except those the Local Agency shall obtain or perform prior to or upon the issuance of the Note.

(E) The Local Agency has (or will have prior to the issuance of the Note) duly, regularly and properly adopted a preliminary budget for Fiscal Year 1993-1994 setting forth expected revenues and expenditures and has complied with all statutory and regulatory requirements with respect to the adoption of such budget. The Local Agency hereby covenants that it will (i) duly, regularly and properly prepare and adopt its final budget for Fiscal Year 1993-1994, (ii) provide to the Trustee or Paying Agent (as applicable), the Credit Provider, if any, the Reserve Credit Provider, if any, and the Underwriter, promptly upon adoption, copies of such final budget and of any subsequent revisions, modifications or amendments thereto and (iii) comply with all applicable laws pertaining to its budget.

(F) The sum of the principal amount of the Local Agency's Note plus the interest payable thereon, on the date of its issuance, will not exceed fifty percent (50%) of the estimated amounts of the Local Agency's uncollected taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts, and other moneys to be received by the Local Agency for the general fund of the Local Agency attributable to Fiscal Year 1993-1994 all of which will be legally available to pay principal of and interest on the Note.

(G) The Local Agency (i) has not defaulted within the past twenty (20) years, and is not currently in default, on any debt obligation and (ii), to the best knowledge of the Local Agency, has never defaulted on any debt obligation.

(H) The Local Agency's most recent audited financial statements present fairly the financial condition of the Local Agency as of the date thereof and the results of operation for the period covered thereby. Except as has been disclosed to the Underwriter, the Credit Provider, if any, and the Reserve Credit Provider, if any, there has been no change in the financial condition of the Local Agency

since the date of such audited financial statements that will in the reasonable opinion of the Local Agency materially impair its ability to perform its obligations under this Resolution and the Note. The Local Agency agrees to furnish to the Underwriter, the Trustee (or the Paying Agent, if applicable), the Credit Provider, if any, and the Reserve Credit Provider, if any, promptly, from time to time, such information regarding the operations, financial condition and property of the Local Agency as such party may reasonably request.

(I) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, arbitrator, governmental or other board, body or official, pending or, to the best knowledge of the Local Agency, threatened against or affecting the Local Agency questioning the validity of any proceeding taken or to be taken by the Local Agency in connection with the Note, the Purchase Agreement, the Indenture, the Credit Agreement, if any, the Reserve Credit Agreement, if any, or this Resolution, or seeking to prohibit, restrain or enjoin the execution, delivery or performance by the Local Agency of any of the foregoing, or wherein an unfavorable decision, ruling or finding would have a materially adverse effect on the Local Agency's financial condition or results of operations or on the ability of the Local Agency to conduct its activities as presently conducted or as proposed or contemplated to be conducted, or would materially adversely affect the validity or enforceability of, or the authority or ability of the Local Agency to perform its obligations under, the Note, the Purchase Agreement, the Indenture, the Credit Agreement, if any, the Reserve Credit Agreement, if any, or this Resolution.

(J) Upon issuance of the Note, the Note and this Resolution will constitute legal, valid and binding agreements of the Local Agency, enforceable in accordance with their respective terms, except as such enforceability may be limited by bankruptcy or other laws affecting creditors' rights generally, the application of equitable principles if equitable remedies are sought, the exercise of judicial discretion in appropriate cases and the limitations on legal remedies against local agencies, as applicable, in the State of California.

(K) It is hereby covenanted and warranted by the Local Agency that all representations and recitals contained in this Resolution are true and correct, and that the Local Agency and its appropriate officials have duly taken, or will take, all proceedings necessary to be taken by them, if any, for the levy, receipt, collection and enforcement of the Pledged Revenues in accordance with law for carrying out the provisions of this Resolution and the Note.

(L) The Local Agency shall not incur any indebtedness secured by a pledge of its unrestricted revenues unless such pledge is subordinate in all respects to the pledge of unrestricted revenues hereunder.

(M) So long as the Credit Provider, if any, is not in default under the Credit Instrument or the Reserve Credit Provider, if any, is not in default under the corresponding Reserve Credit Agreement, the Local Agency hereby agrees to pay its pro rata share of all Predefault Obligations and all Reimbursement Obligations attributable to the Local Agency in accordance with provisions of the Credit Agreement, if any, the Reserve Credit Agreement, if any, and/or the Indenture, as applicable. Prior to the Maturity Date, moneys in the Local Agency's Payment Account shall not be used to make such payments. The Local Agency shall pay such amounts promptly upon receipt of notice from the Credit Provider or from the Reserve Credit Provider, if applicable, that such amounts are due to it.

(N) If the Note is a Pooled Note, so long as any Bonds issued in connection with the Notes are Outstanding, or any Predefault Obligation or Reimbursement Obligation is outstanding, the Local Agency will not create or suffer to be created any pledge of or lien on the Note other than the pledge and lien of the Indenture.

- (O) The Local Agency will maintain a positive general fund balance.

**Section 12. Tax Covenants.** (A) The Local Agency will not take any action or fail to take any action if such action or failure to take such action would adversely affect the exclusion from gross income of the interest payable on the Note under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Without limiting the generality of the foregoing, the Local Agency will not make any use of the proceeds of the Note or any other funds of the Local Agency which would cause the Note to be an "arbitrage bond" within the meaning of Section 148 of the Code, a "private activity bond" within the meaning of Section 141(a) of the Code, or an obligation the interest on which is subject to federal income taxation because it is "federally guaranteed" as provided in Section 149(b) of the Code. The Local Agency, with respect to the proceeds of the Note, will comply with all requirements of such sections of the Code and all regulations of the United States Department of the Treasury issued or applicable thereunder to the extent that such requirements are, at the time, applicable and in effect.

(B) The Local Agency hereby (i) represents that the aggregate face amount of all tax-exempt obligations (including any tax-exempt leases, but excluding private activity bonds), issued and to be issued by the Local Agency during calendar year 1993, including the Note, is not reasonably expected to exceed \$5,000,000; or (ii) covenants that the Local Agency will take all legally permissible steps necessary to ensure that all of the gross proceeds of the Note will be expended no later than the day that is six months after the date of issuance of the Note so as to satisfy the requirements of Section 148(f)(4)(B) of the Code.

(C) Notwithstanding any other provision of this Resolution to the contrary, upon the Local Agency's failure to observe, or refusal to comply with, the covenants contained in this Section 12, no one other than the holders or former holders of the Note, the Bond Owners, the Credit Provider, if any, the Reserve Credit Provider, if any, or the Trustee (or Paying Agent, as applicable) on their behalf shall be entitled to exercise any right or remedy under this Resolution on the basis of the Local Agency's failure to observe, or refusal to comply with, such covenants.

- (D) The covenants contained in this Section 12 shall survive the payment of the Note.

**Section 13. Events of Default and Remedies.**

If any of the following events occurs, it is hereby defined as and declared to be and to constitute an "Event of Default":

(A) Failure by the Local Agency to make or cause to be made the transfers and deposits to the Payment Account or Payment Fund, as applicable, or any other payment required to be paid hereunder on or before the date on which such transfer, deposit or other payment is due and payable;

(B) Failure by the Local Agency to observe and perform any covenant, condition or agreement on its part to be observed or performed under this Resolution, for a period of fifteen (15) days after written notice, specifying such failure and requesting that it be remedied, is given to the Local Agency by the Trustee (or Paying Agent, as applicable), the Credit Provider, if applicable, or the Reserve Credit Provider, if applicable, unless the Trustee (or Paying Agent, as applicable) and the Credit Provider or the Reserve Credit Provider, if applicable, shall all agree in writing to an extension of such time prior to its expiration;

(C) Any warranty, representation, or other statement by or on behalf of the Local Agency contained in this Resolution or the Purchase Agreement (including the Pricing



Confirmation) or in any requisition or any financial report delivered by the Local Agency or in any instrument furnished in compliance with or in reference to this Resolution or the Purchase Agreement or in connection with the Note, is false or misleading in any material respect;

(D) A petition is filed against the Local Agency under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect and is not dismissed within 30 days after such filing, but the Trustee (or Paying Agent, as applicable) shall have the right to intervene in the proceedings prior to the expiration of such 30 days to protect its and the Bond Owners' (or Noteholders') interests;

(E) The Local Agency files a petition in voluntary bankruptcy or seeking relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, or consents to the filing of any petition against it under such law; or

(F) The Local Agency admits insolvency or bankruptcy or is generally not paying its debts as such debts become due, or becomes insolvent or bankrupt or makes an assignment for the benefit of creditors, or a custodian (including without limitation a receiver, liquidator or trustee) of the Local Agency or any of its property is appointed by court order or takes possession thereof and such order remains in effect or such possession continues for more than 30 days, but the Trustee (or Paying Agent, as applicable) shall have the right to intervene in the proceedings prior to the expiration of such 30 days to protect its and the Bond Owners' or Noteholders' interests.

Whenever any Event of Default referred to in this Section 13 shall have happened and be continuing, the Trustee (or Paying Agent, as applicable) shall, in addition to any other remedies provided herein or by law or under the Indenture, if applicable, have the right, at its option without any further demand or notice, to take one or any combination of the following remedial steps:

(1) Without declaring the Note to be immediately due and payable, require the Local Agency in the case the Note is a Pooled Note, to pay to the Trustee, and in the case the Note is a Separately Marketed Note, to pay to the Paying Agent, in either case, an amount equal to the principal of the Note and interest thereon to maturity, plus all other amounts due hereunder, and upon notice to the Local Agency the same shall become immediately due and payable by the Local Agency without further notice or demand; and

(2) Take whatever other action at law or in equity (except for acceleration of payment on the Note) which may appear necessary or desirable to collect the amounts then due and thereafter to become due hereunder or to enforce any other of its rights hereunder.

Notwithstanding the foregoing, if the Local Agency's Note is secured in whole or in part by a Credit Instrument (other than the Reserve Fund) or if the Credit Provider is subrogated to rights under the Local Agency's Note, as long as the Credit Provider has not failed to comply with its payment obligations under the Credit Instrument, the Credit Provider shall have the right to direct the remedies upon any Event of Default hereunder, and, notwithstanding the foregoing, if a Reserve Credit Instrument is applicable, as long as the Reserve Credit Provider has not failed to comply with its payment obligations under the Reserve Credit Agreement, the Reserve Credit Provider shall have the right (prior to the Credit Provider) to direct the remedies upon any Event of Default hereunder, in each case so long as such action will not materially adversely affect the rights of any Bond Owner, and the Credit Provider's and Reserve Credit Provider's (if any) prior consent shall be required to any remedial action proposed to be taken by the Trustee hereunder.

If the Credit Provider is not reimbursed on the Maturity Date for the drawing, payment or claim, as applicable, used to pay principal of and interest on the Note due to a default in payment on the Note by the Local Agency, as provided in Section 5.03 of the Indenture, or if any principal of or interest on the Note remains unpaid after the Maturity Date, the Note shall be a Defaulted Note, the unpaid portion (including the interest component, if applicable) thereof or the portion (including the interest component, if applicable) to which a Credit Instrument applies for which reimbursement on a draw, payment or claim has not been made shall be deemed outstanding and shall bear interest at the Default Rate until the Local Agency's obligation on the Defaulted Note is paid in full or payment is duly provided for, all subject to Section 8 hereof.

If the Credit Instrument is the Reserve Fund and the Reserve Bonds are secured by the Reserve Credit Instrument and all principal of and interest on the Note is not paid in full by the Reserve Principal Payment Date, the Defaulted Note shall become a Defaulted Reserve Note and the unpaid portion (including the interest component, if applicable) thereof (or the portion thereof with respect to which the Reserve Fund applies for which reimbursement on a Drawing has not been fully made) shall be deemed outstanding and shall bear interest at the Default Rate until the Local Agency's obligation on the Defaulted Reserve Note is paid in full or payment is duly provided for, all subject to Section 8 hereof.

**Section 14. Trustee/Paying Agent.** The Trustee is hereby appointed as paying agent, registrar and authenticating agent for the Note if it is a Pooled Note. The Paying Agent is hereby appointed as paying agent, registrar and authenticating agent for the Note if it is a Separately Marketed Note. The Local Agency hereby directs and authorizes the payment by the Trustee or Paying Agent, respectively, of the interest on and principal of the Note when such become due and payable, from amounts received by the Trustee or Paying Agent from the Local Agency in the manner set forth herein. The Local Agency hereby covenants to deposit funds in such account or fund, as applicable, at the time and in the amount specified herein to provide sufficient moneys to pay the principal of and interest on the Note on the day on which it matures. Payment of the Note shall be in accordance with the terms of the Note and this Resolution.

The Local Agency hereby agrees to maintain as paying agent, registrar and authenticating agent of the Note, (i) the Trustee under the Indenture, or (ii) the Paying Agent under the terms of this Resolution.

**Section 15. Sale of Note.** The Note shall be sold to the Authority, in accordance with the terms of the Purchase Agreement, hereinbefore approved.

**Section 16. Approval and Execution of Amended Agreement.** The Amended Agreement is hereby approved and the Mayor or the City Manager or any other designated official of the Local Agency, is hereby authorized and directed to execute the Amended Agreement, with such changes, insertions and omissions as may be approved by such official and the secretary or clerk of the Local Agency is hereby authorized and directed to attest the same.

**Section 17. Approval of Actions.** The aforementioned officers of the Local Agency are hereby authorized and directed to execute the Note and cause the Trustee or Paying Agent, as applicable, to authenticate and accept delivery of the Note, pursuant to the terms and conditions of the Purchase Agreement and the Indenture. All actions heretofore taken by the officers and agents of the Local Agency or this Legislative Body with respect to the sale and issuance of the Note and participation in the Program are hereby approved, confirmed and ratified and the officers and agents of the Local Agency are hereby authorized and directed, for and in the name and on behalf of the Local Agency, to do any and all things and take any and all actions and execute any and all certificates, agreements and other documents which they, or any of them, may deem necessary or advisable in order to consummate the

lawful issuance and delivery of the Note in accordance with, and related transactions contemplated by, this Resolution. The officers of the Local Agency referred to above in Section 4 hereof are hereby designated as "Authorized Local Agency Representatives" under the Indenture.

In the event that the Note or a portion thereof is secured by a Credit Instrument, the Authorized Officer is hereby authorized and directed to provide the Credit Provider and, if applicable, the Reserve Credit Provider, with any and all information relating to the Local Agency as such Credit Provider or Reserve Credit Provider may reasonably request.

**Section 18. Proceedings Constitute Contract.** The provisions of the Note and of this Resolution shall constitute a contract between the Local Agency and the registered owner of the Note, the Credit Provider, if any, and the Reserve Credit Provider, if any, and such provisions shall be enforceable by mandamus or any other appropriate suit, action or proceeding at law or in equity in any court of competent jurisdiction, and shall be irrevocable.

**Section 19. Limited Liability.** Notwithstanding anything to the contrary contained herein or in the Note or in any other document mentioned herein or related to the Note or to any Series of Bonds to which the Note may be assigned, the Local Agency shall not have any liability hereunder or by reason hereof or in connection with the transactions contemplated hereby except to the extent payable from moneys available therefor as set forth in Section 8 hereof.

**Section 20. Amendments.** At any time or from time to time, the Local Agency may adopt one or more Supplemental Resolutions with the written consents of the Authority, the Credit Provider, if any, and the Reserve Credit Provider, if any, but without the necessity for consent of the owners of the Note or of the Bonds issued in connection with the Notes for any one or more of the following purposes:

(A) to add to the covenants and agreements of the Local Agency in this Resolution, other covenants and agreements to be observed by the Local Agency which are not contrary to or inconsistent with this Resolution as theretofore in effect;

(B) to add to the limitations and restrictions in this Resolution, other limitations and restrictions to be observed by the Local Agency which are not contrary to or inconsistent with this Resolution as theretofore in effect;

(C) to confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, this Resolution, of any monies, securities or funds, or to establish any additional funds or accounts to be held under this Resolution;

(D) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in this Resolution; or

(E) to amend or supplement this Resolution in any other respect;

provided, however, that any such Supplemental Resolution does not adversely affect the interests of the owners of the Note or of the Bonds issued in connection with the Notes.

Any modifications or amendment of this Resolution and of the rights and obligations of the Local Agency and of the owners of the Note or of the Bonds issued in connection with the Notes may be made by a Supplemental Resolution, with the written consent of the owners of at least a majority in principal amount of the Note or of the Bonds issued in connection with the Notes outstanding at the time

such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as the Note or any Bonds issued in connection with the Notes remain outstanding, the consent of the owners of such Note or of such Bonds shall not be required. No such modification or amendment shall permit a change in the maturity of the Note or a reduction of the principal amount thereof or an extension of the time of any payment thereon or a reduction of the rate of interest thereon, or a change in the date or amounts of the pledge set forth in this Resolution, without the consent of the owners of such Note or the owners of the Bonds issued in connection with the Notes, or shall reduce the percentage of the Notes or Bonds the consent of the owners of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of the Trustee or Paying Agent, as applicable, without its written assent thereto.

**Section 21. Severability.** In the event any provision of this Resolution shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

**Section 22. Appointment of Bond Counsel.** The law firm of Orrick, Herrington & Sutcliffe, Los Angeles, California is hereby appointed Bond Counsel for the Program.

**Section 23. Appointment of Underwriter.** Sutro & Co. Incorporated, Los Angeles, California, is hereby appointed underwriter for the Program.

CLERK'S CERTIFICATE

I, Jennifer M. Perrin, Clerk of the City of Lodi, hereby certify as follows:

The foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of the City Council duly and regularly held at the regular meeting place thereof on the 19<sup>th</sup> day of May, 1993, of which meeting all of the members of the City Council of the City of Lodi had due notice and at which a majority thereof were present; and at the meeting said resolution was adopted by the following vote:

AYES: Council Members - Mann, Sieglock, Snider, and Pennino (Mayor)

NOES: Council Members - Davenport

ABSENT: Council Members - None

An agenda of said meeting was posted at least 72 hours before said meeting at various locations, Lodi, California, a location freely accessible to members of the public, and a brief general description of said resolution appeared on said agenda.

I have carefully compared the same with the original minutes of said meeting on file and of record in my office; the foregoing resolution is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes; and said resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

Dated: May 19, 1993

Jennifer M. Perrin *by* JP  
Clerk of the City of Lodi

EXHIBIT A

CITY OF LODI

1993-1994 TAX AND REVENUE ANTICIPATION NOTE, [SERIES \_]<sup>2/</sup>

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>
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REGISTERED OWNER:

PRINCIPAL AMOUNT: \_\_\_\_\_ DOLLARS

FOR VALUE RECEIVED, the Local Agency designated above (the "Local Agency"), acknowledges itself indebted to and promises to pay to the registered owner identified above, or registered assigns, on the maturity date set forth above, the principal sum specified above in lawful money of the United States of America, together with interest thereon at the rate of interest specified above (the "Note Rate"). Principal of and interest on this Note are payable in such coin or currency of the United States as at the time of payment is legal tender for payment of private and public debts, such principal and interest to be paid upon surrender hereof at the principal corporate trust office of U.S. Trust Company of California, N.A. in Los Angeles, California, or its successor in trust (the ["Trustee"/"Paying Agent"]<sup>2/</sup>). Interest shall be calculated on the basis of a 360-day year, consisting of twelve 30-day months, in like lawful money from the date hereof until the maturity date specified above and, if funds are not provided for payment at maturity, thereafter on the basis of a 360-day year for actual days elapsed until payment in full of said principal sum. Both the principal of and interest on this Note shall be payable only to the registered owner hereof upon surrender of this Note as the same shall fall due; provided, however, no interest shall be payable for any period after maturity during which the holder hereof fails to properly present this Note for payment. If the Local Agency fails to pay this Note when due or the Credit Provider (as defined in the Resolution hereinafter described), if any, is not reimbursed in full for the amount drawn on or paid pursuant to the Credit Instrument (as defined in the Resolution) to pay all or a portion (including the interest component, if applicable) of this Note on the date of such payment, this Note shall become a Defaulted Note (as defined and with the consequences set forth in the Resolution). If this Note becomes a Defaulted Note and any portion thereof remains unpaid on the Reserve Principal Payment Date (if applicable and as more particularly described and defined in the

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<sup>2/</sup> If more than one Series of Bonds is issued under the Program in Fiscal Year 1993-1994 and if the Note is pooled with notes issued by other Issuers (as defined in the Resolution).

<sup>22/</sup> Trustee if Note is pooled with notes of other Issuers; Paying Agent if Note is marketed individually, the determination of which shall be made in the Pricing Confirmation.

Resolution) this Note shall become a Defaulted Reserve Note (as defined and with the consequences set forth in the Resolution).

It is hereby certified, recited and declared that this Note (the "Note") represents the authorized issue of the Note in the aggregate principal amount authorized, executed and delivered pursuant to and by authority of certain resolutions of the Local Agency duly passed and adopted heretofore, under and by authority of Article 7.6 (commencing with Section 53850) of Chapter 4, Part 1, Division 2, Title 5 of the California Government Code (collectively, the "Resolution"), to all of the provisions and limitations of which the owner of this Note, by acceptance hereof, assents and agrees.

The principal of the Note, together with the interest thereon, shall be payable from taxes, income, revenue, cash receipts and other moneys which are received by the Local Agency for the general fund of the Local Agency and are attributable to Fiscal Year 1993-1994 and which are available for payment thereof. As security for the payment of the principal of and interest on the Note, the Local Agency has pledged the first amounts of unrestricted revenues of the Local Agency received in \_\_\_\_\_ and \_\_\_\_\_ (and any amounts received thereafter attributable to Fiscal Year 1993-1994) until the amount on deposit in the [Payment Account/Payment Fund]<sup>\*\*\*</sup> (as defined in the Resolution) in each such month, is equal to the corresponding percentages of principal of and interest due on the Note at maturity set forth in the Pricing Confirmation (as defined in the Resolution) (such pledged amounts being hereinafter called the "Pledged Revenues"), and the principal of the Note and the interest thereon shall constitute a first lien and charge thereon and shall be payable from the Pledged Revenues, and to the extent not so paid shall be paid from any other moneys of the Local Agency lawfully available therefor as set forth in the Resolution. The full faith and credit of the Local Agency is not pledged to the payment of the principal of or interest on this Note.

This Note is transferable, as provided by the Resolution, only upon the books of the Local Agency kept at the office of the [Trustee/Paying Agent], by the registered owner hereof in person or by its duly authorized attorney, upon surrender of this Note for transfer at the office of the [Trustee/Paying Agent], duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the [Trustee/Paying Agent] duly executed by the registered owner hereof or its duly authorized attorney, and upon payment of any tax, fee or other governmental charge required to be paid with respect to such transfer, a fully registered Note will be issued to the designated transferee or transferees.

The Local Agency and the [Trustee/Paying Agent] may deem and treat the registered owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and the Local Agency and the [Trustee/Paying Agent] shall not be affected by any notice to the contrary.

This Note shall not be valid or become obligatory for any purpose until the Certificate of Authentication and Registration hereon shall have been signed by the [Trustee/Paying Agent].

It is hereby certified that all of the conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Note do exist, have happened and have been performed in due time, form and manner as required by the Constitution and statutes of the State of California and that the amount of this Note, together with all other indebtedness of the Local Agency, does not exceed any limit prescribed by the Constitution or statutes of the State of California.

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<sup>\*\*\*</sup> Payment Account if Note is pooled with notes of other Issuers; Payment Fund if Note is marketed individually.

IN WITNESS WHEREOF, the Legislative Body of the Local Agency has caused this Note to be executed by the manual or facsimile signature of a duly authorized officer of the Local Agency and countersigned by the manual or facsimile signature of its duly authorized officer and caused its official seal to be affixed hereto either manually or by facsimile impression hereon as of the date of authentication set forth below.

CITY OF LODI

By \_\_\_\_\_  
Title:

(SEAL)

Countersigned

By \_\_\_\_\_  
Title:



**CERTIFICATE OF AUTHENTICATION AND REGISTRATION**

**This Note is the Note mentioned in the within-mentioned Resolution authenticated on the following date:**

\_\_\_\_\_,  
as Trustee[/Paying Agent]

BY \_\_\_\_\_  
AUTHORIZED OFFICER

## ASSIGNMENT

For Value Received, the undersigned, \_\_\_\_\_, hereby sells, assigns and transfers unto \_\_\_\_\_ (Tax Identification or Social Security No. \_\_\_\_\_) the within Note and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney to transfer the within Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

**NOTICE:** The signature to this assignment must correspond with the name as it appears upon the face of the within Note in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed:

**NOTICE:** Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

B

**RESOLUTION NO. 93-61**

**MAXIMUM AMOUNT OF BORROWING: \$4,000,000**

**A RESOLUTION OF THE LODI CITY COUNCIL AUTHORIZING THE  
BORROWING OF FUNDS FOR FISCAL YEAR 1993-1994 AND THE ISSUANCE  
AND SALE OF A 1993-1994 TAX AND REVENUE ANTICIPATION NOTE  
THEREFOR AND PARTICIPATION IN THE CALIFORNIA CASH FLOW  
FINANCING PROGRAM**

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**WHEREAS**, Local agencies are authorized by Section 53850 to 53858, both inclusive, of the Government Code of the State of California (the "Act") (being Article 7.6, Chapter 4, Part 1, Division 2, Title 5 of the Government Code) to borrow money by the issuance of temporary notes;

**WHEREAS**, the legislative body (the "legislative Body") of the local agency specified above (the "Local Agency") has determined that a sum (the "Principal Amount"), not to exceed the Maximum Amount of Borrowing designated above, which Principal Amount is to be confirmed and set in the Pricing confirmation (as defined in Section 4 hereof), is needed for the requirements of the Local Agency, a municipal corporation, to satisfy obligations of the Local Agency, and that it is necessary that said Principal Amount be borrowed for such purpose at this time by the issuance of a note therefor in anticipation of the receipt of taxes, income, revenue, cash receipts and other moneys to be received by the Local Agency for the general fund of the Local Agency attributable to its fiscal year ending June 30, 1994 ("Fiscal Year 1993-1994");

**WHEREAS**, the Local Agency hereby determines to borrow, for the purposes set forth above, the Principal Amount by the issuance of the Note (as hereinafter defined);

**WHEREAS**, it appears, and this Legislative Body hereby finds and determines, that the Principal Amount, when added to the interest payable thereon, does not exceed eighty-five percent (85%) of the estimated amount of the uncollected taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts and other moneys of the Local Agency attributable to Fiscal Year 1993-1994 and available for the payment of the principal of the Note and the interest thereon;

**WHEREAS**, no money has heretofore been borrowed by or on behalf of the Local Agency through the issuance of tax anticipation notes or temporary notes in anticipation of the receipt of, or payable from or secured by, taxes, income, revenue, cash receipts or other moneys for Fiscal Year 1993-94;

**WHEREAS**, pursuant to Section 53856 of the Act, certain moneys which will be received by the Local Agency during and attributable to Fiscal Year 1993-1994 can be pledged for the payment of the principal of the Note and the interest thereon (as hereinafter provided);

**WHEREAS**, the Local Agency has determined that it is in the best interests of the Local Agency to participate in the California Cash Flow Financing Program (the "Program"), whereby participating local agencies (collectively, the "Issuers") will simultaneously issue tax and revenue anticipation notes;

**WHEREAS**, the Local Agency shall confirm at the time of execution of the Pricing Confirmation the marketing of its Note as either part of a pool of some or all of the notes issued by other local agencies participating in the Program or as an individual Note;

**WHEREAS**, the Program requires the participating Issuers to sell their tax and revenue anticipation notes to the California Statewide Communities Development Authority (the "Authority") pursuant to note purchase agreements (collectively, "Purchase Agreements"), each between such individual Issuer and the Authority, and dated as of the date of the Pricing Confirmation, a form of which has been submitted to the Legislative Body;

**WHEREAS**, the Authority, pursuant to advice of Sutro & Co. Incorporated, as underwriter for the Program (the "Underwriter"), will form one or more pools of notes (the "Pooled Notes") and assign each note to a particular pool (the "Pool") and sell a series (the "Series") of bonds (the "Bonds") secured by each Pool pursuant to an indenture (the "Indenture") between the Authority and U.S. Trust Company of California, N.A., as trustee (the "Trustee"), each Series distinguished by whether or what type(s) of Credit Instrument(s) (as hereinafter defined) secure(s) such Series, by the principal amounts of the notes assigned to the Pool or by other factors, or, alternatively, the Authority may market any of the notes individually (the "Separately Marketed Notes"), and the Local Agency hereby acknowledges and approves the discretion of the Authority, acting upon the advice of the Underwriter, to assign the Note to such Pool and such Indenture as the Authority may determine or, if the Authority so determines, to market the Note individually;

**WHEREAS**, if, at the time of execution of the Pricing Confirmation, the Local Agency confirms that its Note will be a Pooled Note, the Local Agency will (in the Pricing Confirmation) request the Authority to issue a Series of Bonds pursuant to an Indenture to which the Note will be assigned by the Authority in its discretion, acting upon the advice of the Underwriter, which Series of Bonds will be payable from payments of principal of and interest on the Note and the other notes comprising the same Pool and assigned to the same Indenture to which the Note is assigned;

**WHEREAS**, if, at the time of execution of the Pricing Confirmation, the Local Agency confirms that its Note will be a Separately Marketed Note, the Local Agency will (in the Pricing Confirmation) request the Authority to market the Note individually;

**WHEREAS**, as additional security for the Owners of each Series of Bonds, all or a portion of the payments by all of the Issuers of the notes assigned to such Series may or may not be secured (by virtue or in form of the Bonds, as indicated in the Pricing Confirmation, being secured in whole or in part) by an irrevocable letter (or letters) of credit or policy (or policies) of insurance or proceeds of a separate bond issue issued for such purpose (the "Reserve Fund") or other credit instrument (or instruments) (collectively, the "Credit Instrument") issued by the credit provider or credit providers designated in the Indenture, as finally executed (collectively, the "Credit Provider"), pursuant to a credit agreement or agreements or commitment letter or letters or, in the case of the Reserve Fund, an indenture (the "Reserve Indenture") (collectively, the "Credit Agreement") between (i) in the case of an irrevocable

letter (or letters) of credit or policy (or policies) of insurance, the Authority and the respective Credit Provider and (ii) in the case of the Reserve Fund, the Authority and U.S. Trust Company of California, N.A., as trustee of the Reserve Indenture (the "Reserve Trustee");

**WHEREAS**, if, as designated in the Pricing Confirmation, the Credit Instrument is the Reserve Fund, bonds issued pursuant to the Reserve Indenture (the "Reserve Bonds") may, as indicated in the Pricing Confirmation, be secured by an irrevocable letter of credit or policy of insurance or other credit instrument (the "Reserve Credit Instrument") issued by the credit provider identified in the Reserve Indenture as finally executed (the "Reserve Credit Provider"), pursuant to a credit agreement or commitment letter (the "Reserve Credit Agreement") identified in the Reserve Indenture as finally executed, such Reserve Credit Agreement being between the Authority and the Reserve Credit Provider;

**WHEREAS**, the net proceeds of the Note may be invested by the Local Agency in Permitted Investments (as defined in the Indenture) or in any other investment permitted by the laws of the State of California, as now in effect and as hereafter amended, modified or supplemented from time to time;

**WHEREAS**, as part of the Program each participating Issuer approves the Indenture, the alternative forms of Credit Agreements, if any, and the alternative forms of Reserve Credit Agreements, if any, in substantially the forms presented to the Legislative Body, with the final form of Indenture, type of Credit Instrument and corresponding Credit Agreement and type of Reserve Credit Instrument and corresponding Reserve Credit Agreement, if any, to be determined and approved by the Pricing Confirmation;

**WHEREAS**, pursuant to the Program each participating Issuer will be responsible for its share of (a) the fees of the Trustee or Paying Agent (as hereinafter defined), as applicable and the costs of issuing the applicable Series of Bonds or Separately Marketed Note, as applicable, and (b), if applicable, the fees of the Credit Provider, the fees of the Reserve Credit Provider (which shall be payable from, among other sources, investment earnings on the Reserve Fund and moneys in the Costs of Issuance Fund established and held under the Indenture), the Issuer's allocable share of all Predefault Obligations and the Issuer's Reimbursement Obligations, if any (each as defined in the Indenture);

**WHEREAS**, pursuant to the Program each participating Issuer whose Note is a Pooled Note will be responsible for its share of the fees of the Reserve Trustee and the costs of issuing the applicable Series of Reserve Bonds, all such costs and fees being payable from the proceeds of the applicable Series of Bonds (or, with respect to costs and fees of the Reserve Credit Provider, as may otherwise be provided in the Reserve Indenture);

**WHEREAS**, pursuant to the Program, the Underwriter will submit an offer to the Authority to purchase, in the case of each Pool of Notes, the Series of Bonds which will be secured by the Indenture to which such Pool will be assigned and, in the case of a Separately Marketed Note, the Note itself;

**WHEREAS**, it is necessary to engage the services of certain professionals to assist the Local Agency in its participation in the Program;

**WHEREAS**, in order to participate in the Program, the Authority requires that the Local Agency enter into and execute the Amended and Restated Joint Exercise of Powers Agreement Relating to the California Statewide Communities Development Authority, dated June 1, 1988 (the "Amended Agreement"), pursuant to which the Authority is in existence and operates;

WHEREAS, there is now before this Legislative Body a form of the Amended Agreement; and

WHEREAS, this Legislative Body, following careful review and consideration, hereby determines that it is in the public interest and for the public benefit of the Local Agency to enter into and authorize the execution of the Amended Agreement;

NOW, THEREFORE, the Legislative Body hereby finds, determines, declares and resolves as follows:

**Section 1. Recitals.** All the above recitals are true and correct and this Legislative Body so finds and determines.

**Section 2. Authorization of Issuance.** This Legislative Body hereby determines to borrow solely for the purpose of anticipating taxes, income, revenue, cash receipts and other moneys to be received by the Local Agency for the general fund of the Local Agency attributable to Fiscal Year 1993-1994, and not pursuant to any common plan of financing of the Local Agency, by the issuance of a note in the Principal Amount under Sections 53850 et seq. of the Act, designated the Local Agency's "1993-1994 Tax and Revenue Anticipation Note" (the "Note"), to be issued in the case of a Pooled Note in the form of one fully registered note at the Principal Amount thereof and in the case of a Separately Marketed Note in the form of fully registered notes in denominations of five thousand dollars (\$5,000) or any integral multiple thereof, aggregating to the Principal Amount, in each case to be dated the date of its delivery to the initial purchaser thereof, to mature (without option of prior redemption) not more than thirteen months thereafter on a date indicated on the face thereof and determined in the Pricing Confirmation (the "Maturity Date"), and to bear interest, payable at maturity and computed upon the basis of a 360-day year consisting of twelve 30-day months, at a rate not to exceed ten percent (10%) per annum as determined in the Pricing Confirmation and indicated on the face of the Note (the "Note Rate"). If the Series of Bonds issued in connection with the Note is secured in whole or in part by a Credit Instrument or such Credit Instrument (other than the Reserve Fund) secures the Note in whole or in part and all principal of and interest on the Note is not paid in full at maturity or payment of principal of and interest on the Note is paid (in whole or in part) by a draw under, payment by or claim upon a Credit Instrument which draw, payment or claim is not fully reimbursed on such date, it shall become a Defaulted Note (as defined in the Indenture), and the unpaid portion (including the interest component, if applicable) thereof (or the portion (including the interest component, if applicable) thereof with respect to which a Credit Instrument applies for which reimbursement on a draw, payment or claim has not been fully made) shall be deemed outstanding and shall continue to bear interest thereafter until paid at the Default Rate (as defined in the Indenture). If the Credit Instrument is the Reserve Fund and the Reserve Bonds issued to fund the Reserve Fund are secured by the Reserve Credit Instrument and a Drawing (as defined in the Indenture) pertaining to the Note is not fully reimbursed by the Reserve Principal Payment Date (as defined in the Indenture), the Note shall become a Defaulted Reserve Note (as defined in the Indenture), and the unpaid portion (including the interest component, if applicable) thereof (or portion (including the interest component, if applicable) with respect to which the Reserve Fund applies for which reimbursement on a Drawing has not been fully made) shall be deemed outstanding and shall continue to bear interest thereafter until paid at the Default Rate. If the Note or the Series of Bonds issued in connection with the Note is unsecured in whole or in part and the Note is not fully paid at maturity, the unpaid portion thereof (or the portion thereof to which no Credit Instrument applies which is unpaid) shall be deemed outstanding and shall continue to bear interest thereafter until paid at the Default Rate. In each case set forth in the preceding three sentences, the obligation of the Local Agency with respect to such Defaulted Note or unpaid Note shall not be a debt or liability of the Local Agency prohibited by Article XVI, Section 18 of the California Constitution and the Local Agency shall not be liable thereon except to the extent of any available revenues attributable to Fiscal Year 1993-1994, as provided in

Section 8 hereof. The percentage of the Note to which a Credit Instrument, if any, applies (the "Secured Percentage") shall be (i) equal to 100%, if the size of the Credit Instrument is greater than or equal to the aggregate amount of principal of and interest on all unpaid notes (or unpaid portions thereof) assigned to the particular Series of Bonds as of the maturity date or (ii) equal to the amount of the Credit Instrument divided by the aggregate amount of unpaid principal of and interest on such unpaid notes (or portions thereof), expressed as a percentage, if the size of the Credit Instrument is less than the aggregate amount of unpaid principal of and interest on such unpaid notes (or unpaid portions thereof) as of the maturity date. The percentage of the Note to which the Reserve Credit Instrument, if any, applies (the "Secured Reserve Percentage") shall be (i) equal to 100%, if the size of the Reserve Credit Instrument is greater than or equal to the aggregate amount of principal of and interest on unpaid notes (or unpaid portions thereof, including the interest component if applicable) assigned to the particular Series of Bonds (secured by the Reserve Fund funded by the Reserve Bonds secured by the Reserve Credit Instrument) as of the Reserve Principal Payment Date or (ii) equal to the amount of the Reserve Credit Instrument divided by the aggregate amount of unpaid principal of and interest on such unpaid notes (or portions thereof, including the interest component, if applicable), expressed as a percentage, if the size of the Reserve Credit Instrument is less than the aggregate amount of unpaid principal of and interest on such unpaid notes (or unpaid portions thereof) as of the Reserve Principal Payment Date.

Both the principal of and interest on the Note shall be payable in lawful money of the United States of America, but only upon surrender thereof, at the corporate trust office of U.S. Trust Company of California, N.A. in Los Angeles, California. The Principal Amount of the Note shall, prior to the issuance thereof, be reduced from the Maximum Amount of Borrowing specified above if and to the extent necessary to obtain an approving legal opinion of Orrick, Herrington & Sutcliffe ("Bond Counsel") as to the legality thereof and the exclusion from gross income for federal tax purposes of interest thereon. The Principal Amount of the Note shall, prior to the issuance thereof, also be reduced from the Maximum Amount of Borrowing specified above, and other conditions shall be met by the Local Agency, if and to the extent necessary to obtain from the Credit Provider or the Reserve Credit Provider, as the case may be, its agreement to issue the Credit Instrument or Reserve Credit Instrument, as applicable. If the Note is a Pooled Note and the Credit Instrument is the Reserve Fund which is backed by a Reserve Credit Instrument, the issuance of the Note shall be subject to the approval of the Reserve Credit Provider. Notwithstanding anything to the contrary contained herein, the decision of the Credit Provider to issue the Credit Instrument and the approval of the Reserve Credit Provider of the issuance of a Pooled Note shall be totally discretionary on the part of the Credit Provider or Reserve Credit Provider, as applicable, and nothing herein shall be construed to require the Credit Provider or Reserve Credit Provider to issue a Credit Instrument or approve the issuance of a Pooled Note, as applicable.

Whether issued as a Pooled Note or a Separately Marketed Note, the Note shall be issued in conjunction with the note or notes of one or more other Issuers as part of the Program and within the meaning of Section 53853 of the Act.

**Section 3. Form of Note.** The Note shall be issued in fully registered form without coupons and shall be substantially in the form and substance set forth in Exhibit A as attached hereto and by reference incorporated herein, the blanks in said forms to be filled in with appropriate words and figures.

**Section 4. Sale of Note; Delegation.** Any one of the Mayor, the City Manager or the Finance Director/Treasurer of the Local Agency, as the case may be, or, in the absence of said officer, his or her duly appointed assistant (collectively, the "Authorized Officer"), is hereby authorized and directed to negotiate, with the Authority, an interest rate on the Note to the stated maturity thereof, which shall not exceed ten percent (10%) per annum, and the purchase price to be paid by the Authority for the Note, which purchase price shall be at a discount which when added to the Local Agency's share of the

costs of issuance shall not be more than one percent (1%) of the principal amount of the Note, and, if such interest rate and price and other terms of the sale of the Note set out in the Pricing Confirmation are acceptable to the Authorized Officer, the Authorized Officer is hereby further authorized and directed to execute and deliver the pricing confirmation supplement to be delivered by the Underwriter (on behalf of the Authority) to the Local Agency on a date within 10 days of said negotiation of interest rate and purchase price during the period from May 1, 1993 through March 1, 1994 (the "Pricing Confirmation"), substantially in the form presented to this meeting as Schedule I to the Purchase Agreement, with such changes therein as the Authorized Officer shall require or approve, and such other documents or certificates required to be executed and delivered thereunder or to consummate the transactions contemplated hereby or thereby, for and in the name and on behalf of the Local Agency, such approval by this Legislative Body and the Authorized Officer to be conclusively evidenced by such execution and delivery. Any Authorized Officer is hereby further authorized to execute and deliver, prior to the execution and delivery of the Pricing Confirmation, the Purchase Agreement substantially in the form presented to this meeting, with such changes therein as the Authorized Officer shall require or approve, such approval to be conclusively evidenced by such execution and delivery; provided, however, that the Purchase Agreement shall not be effective and binding on the Local Agency until the execution and delivery of the Pricing Confirmation. Delivery of an executed copy of the Pricing Confirmation by fax or telecopy shall be deemed effective execution and delivery for all purposes.

**Section 5. Program Approval.** The Note shall be a Separately Marketed Note or a Pooled Note, as set forth in the Pricing Confirmation. In the case of Pooled Notes, the Pricing Confirmation may, but shall not be required to, specify the Series of Bonds to the Trustee under the Indenture for which the Note will be assigned (but need not include information about other notes assigned to the same pool or their Issuers). The Pricing Confirmation shall indicate whether and what type of Credit Instrument and, if applicable, Reserve Credit Instrument will apply.

The forms of Indenture, alternative general types and forms of Credit Agreements, if any, and alternative general types and forms of Reserve Credit Agreements, if any, presented to this meeting are hereby acknowledged, and it is acknowledged that the Authority will execute and deliver the Indenture, one or more Credit Agreements, if applicable, and one or more Reserve Credit Agreements, if applicable, which shall be identified in the Pricing Confirmation, in substantially one or more of said forms with such changes therein as the Authorized Officer who executes the Pricing Confirmation shall require or approve (substantially final forms of the Indenture, the Credit Agreement and, if applicable, the Reserve Credit Agreement are to be delivered to the Authorized Officer concurrent with the Pricing Confirmation), such approval of the Authorized Officer and this Legislative Body to be conclusively evidenced by the execution of the Pricing Confirmation. In the case where the Note is to be assigned to an Indenture, it is acknowledged that the Authority is authorized and requested to issue Bonds pursuant to and as provided in the Indenture as finally executed. If the Credit Agreement identified in the Pricing Confirmation is the Reserve Indenture, it is acknowledged that the Authority will issue the Reserve Bonds pursuant to and as provided in the Reserve Indenture as finally executed.

The Authorized Officer is hereby authorized and directed to provide the Underwriter with such information relating to the Local Agency as the Underwriter shall reasonably request for inclusion in the Preliminary Official Statement and Official Statement of the Authority in the case where the Note is a Pooled Note or in such other offering document prepared in the case of a Separately Marketed Note. Upon inclusion of the information relating to the Local Agency therein, the Preliminary Official Statement and Official Statement or such other offering document is, except for certain omissions permitted by Rule 15c2-12 of the Securities Exchange Act of 1934, as amended (the "Rule"), hereby deemed final within the meaning of the Rule with respect to the Local Agency. If, at any time prior to the execution of the Pricing Confirmation, any event occurs as a result of which the information contained in the Preliminary Official Statement or other offering document relating to the Local Agency might include an untrue



statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Local Agency shall promptly notify the Underwriter.

In the event the Pricing Confirmation specifies that the Credit Agreement shall be a Reserve Indenture, it is acknowledged that the Authority will issue the Reserve Bonds for the purpose of credit enhancement of the Bonds pursuant to and as provided in the Reserve Indenture as finally executed in accordance with the preceding paragraph.

Subject to Section 8 hereof, the Local Agency hereby agrees that if the Note shall become a Defaulted Note, the unpaid portion (including the interest component, if applicable) thereof or the portion (including the interest component, if applicable) to which a Credit Instrument applies for which full reimbursement on a draw, payment or claim has not been made by the Maturity Date shall be deemed outstanding and shall not be deemed to be paid until (i) any Credit Provider providing a Credit Instrument with respect to the Note or the Series of Bonds issued in connection with the Note, has been reimbursed for any drawings, payments or claims made under or from the Credit Instrument with respect to the Note, including interest accrued thereon, as provided therein and in the applicable Credit Agreement, and, (ii) the holders of the Note or Series of the Bonds issued in connection with the Note are paid the full principal amount represented by the unsecured portion of the Note plus interest accrued thereon (calculated at the Default Rate) to the date of deposit of such aggregate required amount with the Trustee. For purposes of clause (ii) of the preceding sentence, holders of the Series of Bonds will be deemed to have received such principal amount upon deposit of such moneys with the Trustee.

Subject to Section 8 hereof, the Local Agency hereby agrees that if the Note shall become a Defaulted Reserve Note, the unpaid portion (including the interest component, if applicable) thereof or the portion (including the interest component, if applicable) to which a Reserve Credit Instrument, if any, applies for which full reimbursement on a Drawing has not been made by the Reserve Principal Payment Date shall be deemed outstanding and shall not be deemed paid until (i) any Reserve Credit Provider providing a Reserve Credit Instrument with respect to the Reserve Bonds (against the Reserve Fund of which such Drawing was made) has been reimbursed for any drawing or payment made under the Reserve Credit Instrument with respect to the Note, including interest accrued thereon, as provided therein and in the Reserve Credit Agreement, and (ii) the holders of the Note or Series of Bonds issued in connection with the Note are paid the full principal amount represented by the unsecured portion of the Note plus interest accrued thereon (calculated at the Default Rate) to the date of deposit of such aggregate required amount with the Trustee. For the purposes of clause (ii) of the preceding sentence, holders of the Series of Bonds will be deemed to have received such principal amount upon deposit of such moneys with the Trustee.

The Local Agency agrees to pay or cause to be paid, in addition to the amounts payable under the Note, any fees or expenses of the Trustee and, to the extent permitted by law, if the Local Agency's Note is secured in whole or in part by a Credit Instrument and, if applicable, a Reserve Credit Instrument (by virtue of the fact that the Series of Bonds is secured by a Credit Instrument and, if applicable, Reserve Bonds are secured by a Reserve Credit Instrument), any Predefault Obligations and Reimbursement Obligations (to the extent not payable under the Note), (i) arising out of an "Event of Default" hereunder (or pursuant to Section 7 hereof) or (ii) arising out of any other event (other than an event arising solely as a result of or otherwise attributable to a default by any other Issuer). In the case described in (ii) above with respect to Predefault Obligations, the Local Agency shall owe only the percentage of such fees, expenses and Predefault Obligations equal to the ratio of the principal amount of its Note over the aggregate principal amounts of all notes, including the Note, of the Series of which the Note is a part, at the time of original issuance of such Series. Such additional amounts will be paid

by the Local Agency within twenty-five (25) days of receipt by the Local Agency of a bill therefor from the Trustee.

**Section 6. No Joint Obligation.** The Note will be issued in conjunction with a note or notes of one or more other Issuers, either as a Separately Marketed Note or as a Pooled Note assigned to secure a Series of Bonds. In all cases, the obligation of the Local Agency to make payments on or in respect to its Note is a several and not a joint obligation and is strictly limited to the Local Agency's repayment obligation under this Resolution and the Note.

**Section 7. Disposition of Proceeds of Note.**

(A) **Provisions applicable if the Note is a Pooled Note.** If the Note is a Pooled Note, the moneys received from the sale of the Note or of the Series of Bonds issued in connection with the Note allocable to the Local Agency's share of the costs of issuance (which shall include any fees and expenses in connection with any Credit Instrument (and the Reserve Credit Instrument, if any) applicable to the Note or Series of Bonds and the corresponding Reserve Bonds, if any) shall be deposited in the Costs of Issuance Fund held and invested by the Trustee under the Indenture and expended as directed by the Underwriter on costs of issuance as provided in the Indenture. The moneys received from the sale of the Note to the Authority, or allocable to the Note from the sale of Bonds, (net of the Local Agency's share of the costs of issuance) shall be deposited in the Local Agency's Proceeds Subaccount hereby authorized to be created pursuant to, and held and invested by the Trustee under, the Indenture for the Local Agency and said moneys may be used and expended by the Local Agency for any purpose for which it is authorized to use and expend moneys, upon requisition from the Proceeds Subaccount as specified in the Indenture.

(B) **Provisions applicable if the Note is a Separately Marketed Note.** If the Note is a Separately Marketed Note, the moneys received from the sale of the Note allocable to the costs of issuance shall be deposited in a Costs of Issuance Account held and invested by the Paying Agent and expended as directed by the Underwriter on costs of issuance. The Paying Agent is hereby authorized and directed to establish and hold a Costs of Issuance Account. The moneys received from the sale of the Note (net of the costs of issuance) shall be deposited in the Local Agency's Proceeds Account hereby authorized to be created for the Local Agency and said moneys may be used and expended by the Local Agency for any purpose for which it is authorized to use and expend moneys, upon requisition from the Proceeds Account. The Paying Agent is hereby authorized and directed to establish and hold a Proceeds Account. Any such Paying Agent shall signify its acceptance of its duties and obligations as such by executing a certificate of acceptance.

**Section 8. Source of Payment.**

(A) **Provisions Applicable if the Note is a Pooled Note.**

(1) The principal amount of the Note, together with the interest thereon, shall be payable from taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts and other moneys which are received by the Local Agency for the general fund of the Local Agency and are attributable to Fiscal Year 1993-1994 and which are available for payment thereof. As security for the payment of the principal of and interest on the Note, the Local Agency hereby pledges certain unrestricted revenues (as hereinafter provided) which are received by the Local Agency for the general fund of the Local Agency and are attributable to Fiscal Year 1993-1994, and the principal of the Note and the interest thereon shall constitute a first lien and charge thereon and shall be payable from the first moneys received by the Local Agency from such pledged revenues, and, to the extent not so paid, shall be paid from any other taxes, income, revenue, cash receipts and other

moneys of the Local Agency lawfully available therefor (all as provided for in Sections 53856 and 53857 of the Act). The Noteholders, Bondholders, Credit Provider and, if applicable, the Reserve Credit Provider shall have a first lien and charge on such certain unrestricted revenues as hereinafter provided which are received by the Local Agency and are attributable to Fiscal Year 1993-1994. In order to effect the pledge referenced in the preceding two sentences, the Local Agency hereby agrees and covenants to establish and maintain a special account within the Local Agency's general fund to be designated the "1993 Tax and Revenue Anticipation Note Payment Account" (the "Payment Account") and further agrees and covenants to maintain the Payment Account until the payment of the principal of the Note and the interest thereon. The Local Agency agrees to transfer to and deposit in the Payment Account the first amounts received in the months specified in the Pricing Confirmation as Repayment Months (each individual month a "Repayment Month" and collectively "Repayment Months") (and any amounts received thereafter attributable to Fiscal Year 1993-1994) until the amount on deposit in the Payment Account is equal in the respective Repayment Months identified in the Pricing Confirmation to the percentage of the principal and interest due on the Note at maturity specified in the Pricing Confirmation. In making such transfer and deposit, the Local Agency shall not be required to physically segregate the amounts to be transferred to and deposited in the Payment Account from the Local Agency's other general fund moneys, but, notwithstanding any commingling of funds for investment or other purposes, the amounts required to be transferred to and deposited in the Payment Account shall nevertheless be subject to the lien and charge created herein. The number of Repayment Months determined in the Pricing Confirmation shall not exceed six and the amount of money required to be deposited in each Repayment Month as determined in the Pricing Confirmation shall not exceed fifty percent (50%) of the principal and interest due on the Note at maturity (such pledged amounts being hereinafter called the "Pledged Revenues"). The Authorized Officer is hereby authorized to approve the determination of the Repayment Months and percentages of the principal and interest due on the Note at maturity required to be on deposit in the Payment Account in each Repayment Month, all as specified in the Pricing Confirmation, by executing and delivering the Pricing Confirmation, such execution and delivery to be conclusive evidence of approval by this Legislative Body and such officer. In the event on the day in each such Repayment Month that a deposit to the Payment Account is required to be made, the Local Agency has not received sufficient unrestricted revenues to permit the deposit into the Payment Account of the full amount of Pledged Revenues to be deposited in the Payment Account from said unrestricted revenues in said month, then the amount of any deficiency shall be satisfied and made up from any other moneys of the Local Agency lawfully available for the payment of the principal of the Note and the interest thereon, as and when such other moneys are received or are otherwise legally available. The term "unrestricted revenues" shall mean all taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts, and other moneys, intended as receipts for the general fund of the Local Agency attributable to Fiscal Year 1993-1994 and which are generally available for the payment of current expenses and other obligations of the Local Agency.

(2) Any moneys placed in the Payment Account shall be for the benefit of (i) the holders of Bonds issued in connection with the Notes, (ii) (to the extent provided in the Indenture) the Credit Provider, if any, and (iii) (to the extent provided in the Indenture and, if applicable, the Credit Agreement) the Reserve Credit Provider, if any. The moneys in the Payment Account shall be applied only for the purposes for which the Payment Account is created until the principal of the Note and all interest thereon are paid or until provision has been made for the payment of the principal of the Note at maturity with interest to maturity (in accordance with the requirements for defeasance of the Bonds as set forth in the Indenture) and, if applicable, (to the extent provided in the Indenture and, if applicable, the Credit Agreement) the payment of all Predefault Obligations and Reimbursement Obligations owing to the Credit Provider and, if applicable, the Reserve Credit Provider.

(3) At least two (2) Business Days (as defined in the Indenture) prior to the Maturity Date of the Note, the moneys in the Payment Account shall be transferred by the Local Agency to the

Trustee for deposit into the Bond Payment Fund, to the extent necessary, to pay the principal of and interest on the Note or to reimburse the Credit Provider for payments made under or pursuant to the Credit Instrument. In the event that moneys in the Payment Account are insufficient to pay the principal of and interest on the Note in full on the Maturity Date, moneys in the Payment Account shall be applied in the following priority: first to pay interest on the Note; second to pay principal of the Note; third to reimburse the Credit Provider for payment, if any, of interest with respect to the Note; fourth to reimburse the Credit Provider for payment, if any, of principal with respect to the Note; fifth to reimburse the Reserve Credit Provider, if any, for payment, if any, of interest with respect to the Note; sixth to reimburse the Reserve Credit Provider, if any, for payment, if any, of principal with respect to the Note; and seventh to pay any Reimbursement Obligations of the Local Agency and any of the Local Agency's pro rata share of Predefault Obligations owing to the Credit Provider and Reserve Credit Provider (if any) as applicable. Any moneys remaining in or accruing to the Payment Account after the principal of the Note and the interest thereon and any Predefault Obligations and Reimbursement Obligations, if applicable, have been paid, or provision for such payment has been made, shall be transferred to the general fund of the Local Agency, subject to any other disposition required by the Indenture, or, if applicable, the Credit Agreement. Nothing herein shall be deemed to relieve the Local Agency from its obligation to pay its Note in full on the Maturity Date.

(4) Moneys in the Proceeds Subaccount shall be invested by the Trustee pursuant to the Indenture as directed by the Local Agency in Permitted Investments as described in and under the terms of the Indenture. Any such investment by the Trustee shall be for the account and risk of the Local Agency, and the Local Agency shall not be deemed to be relieved of any of its obligations with respect to the Note, the Predefault Obligations or Reimbursement Obligations, if any, by reason of such investment of the moneys in its Proceeds Subaccount.

(5) At the written request of the Credit Provider, if any, or the Reserve Credit Provider, if any, the Local Agency shall, within ten (10) Business Days following the receipt of such written request, file such report or reports to evidence the transfer to and deposit in the Payment Account required by this Section 8 and provide such additional financial information as may be required by the Credit Provider, if any, or the Reserve Credit Provider, if any.

(B) Provisions applicable if the Note is a Separately Marketed Note.

(1) The principal amount of the Note, together with the interest thereon, shall be payable from taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts and other moneys which are received by the Local Agency for the general fund of the Local Agency and are attributable to Fiscal Year 1993-1994 and which are available for payment thereof. As security for the payment of the principal of and interest on the Note, the Local Agency hereby pledges certain unrestricted revenues (as hereinafter provided) which are received by the Local Agency for the general fund of the Local Agency and are attributable to Fiscal Year 1993-1994, and the principal of the Note and the interest thereon shall constitute a first lien and charge thereon and shall be payable from the first moneys received by the Local Agency from such pledged revenues, and, to the extent not so paid, shall be paid from any other taxes, income, revenue, cash receipts and other moneys of the Local Agency lawfully available therefor (all as provided for in Sections 53856 and 53857 of the Act). In order to effect this pledge, the Local Agency hereby agrees and covenants to establish and maintain a special fund within the Local Agency's general fund to be designated the "1993 Tax and Revenue Anticipation Note Payment Fund" (the "Payment Fund"), and further agrees and covenants to maintain the Payment Fund until the payment of the principal of the Note and the interest thereon. The Local Agency agrees to transfer to and deposit in the Payment Fund the first amounts received in the months specified in the Pricing Confirmation as Repayment Months (each individual month a "Repayment Month" and collectively "Repayment Months") (and any amounts received thereafter attributable to Fiscal

Year 1993-1994) until the amount on deposit in the Payment Fund is equal in the respective Repayment Months identified in the Pricing Confirmation to the percentages of the principal and interest due on the Note at maturity specified in the Pricing Confirmation. In making such transfer and deposit, the Local Agency shall not be required to physically segregate the amounts to be transferred to and deposited in the Payment Fund from the Local Agency's other general fund moneys, but, notwithstanding any commingling of funds for investment or other purposes, the amounts required to be transferred to and deposited in the Payment Fund shall nevertheless be subject to the lien and charge created herein. The number of Repayment Months determined in the Pricing Confirmation shall not exceed six and the amount of money required to be deposited in each Repayment Month as determined in the Pricing Confirmation shall not exceed fifty percent (50%) of the principal and interest due on the Note at maturity (such pledged amounts being hereinafter called the "Pledged Revenues"). The Authorized Officer is hereby authorized to approve the determination of the Repayment Months and percentages of the principal and interest due on the Note at maturity required to be on deposit in the Payment Fund in each Repayment Month, all as specified in the Pricing Confirmation, by executing and delivering the Pricing Confirmation, such execution and delivery to be conclusive evidence of approval by this Legislative Body and such officer. In the event that on the day in each such Repayment Month that a deposit to the Payment Fund is required to be made, the Local Agency has not received sufficient unrestricted revenues to permit the deposit into the Payment Fund of the full amount of Pledged Revenues to be deposited in the Payment Fund from said unrestricted revenues in said month, then the amount of any deficiency shall be satisfied and made up from any other moneys of the Local Agency lawfully available for the payment of the principal of the Note and the interest thereon, as and when such other moneys are received or are otherwise legally available. The term "unrestricted revenues" shall mean all taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts, and other moneys, intended as receipts for the general fund of the Local Agency attributable to Fiscal Year 1993-1994 and which are generally available for the payment of current expenses and other obligations of the Local Agency.

(2) Any moneys placed in the Payment Fund shall be for the benefit of the owner of the Note. The moneys in the Payment Fund shall be applied only for the purposes for which the Payment Fund is created until the principal of the Note and all interest thereon are paid or until provision has been made for the payment of the principal of the Note at maturity with interest to maturity.

(3) At least two (2) Business Days prior to the Maturity Date of the Note, the moneys in the Payment Fund shall be transferred by the Local Agency to the Paying Agent, to the extent necessary, to pay the principal of and interest on the Note. In the event that moneys in the Payment Fund are insufficient to pay the principal of and interest on the Note in full on the Maturity Date, moneys in the Payment Fund shall be applied in the following priority: first to pay interest on the Note and second to pay principal of the Note. Any moneys remaining in or accruing to the Payment Fund after the principal of the Note and the interest thereon, have been paid, or provision for such payment has been made, shall be transferred by the Paying Agent to the Local Agency.

(4) Moneys in the Proceeds Account shall be invested by the Paying Agent pursuant to instructions of the Local Agency in an investment agreement or investment agreements designated in the Pricing Confirmation and/or other permitted investments designated in the Pricing Confirmation. The type of investment or investments to be applicable to the proceeds of the Note shall be determined in the Pricing Confirmation. Any such investment by the Paying Agent shall be for the account and risk of the Local Agency and the Local Agency shall not be deemed to be relieved of any of its obligations with respect to the Note, by reason of such investment of the moneys in its Proceeds Account.

**Section 9. Execution of Note.** Any one of the Mayor or the City Manager of the Local Agency or any other officer designated by the Legislative Body shall be authorized to execute the Note

by manual or facsimile signature and the Secretary or Clerk of the Legislative Body of the Local Agency, or any duly appointed assistant thereto, shall be authorized to countersign the Note by manual or facsimile signature. Said officers of the Local Agency, are hereby authorized to cause the blank spaces of the Note to be filled in as may be appropriate pursuant to the Pricing Confirmation. If the Note is a Pooled Note, said officers are hereby authorized and directed to cause the Trustee, as registrar and authenticating agent, to authenticate and accept delivery of the Note pursuant to the terms and conditions of the Purchase Agreement, this Resolution and the Indenture. If the Note is a Separately Marketed Note, said officers are hereby authorized and directed to cause U.S. Trust Company of California, N.A. as paying agent, registrar and authenticating agent (the "Paying Agent") to authenticate and deliver the Note pursuant to the terms and conditions of the Purchase Agreement and this Resolution. In case any officer whose signature shall appear on any Note shall cease to be such officer before the delivery of such Note, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. The Note shall have thereon a certificate of authentication substantially in the form hereinafter set forth duly executed by the Trustee or Paying Agent (as applicable) and showing the date of authentication. The Note shall not be valid or obligatory for any purpose or be entitled to any security or benefit under this Resolution unless and until such certificate of authentication shall have been duly executed by the Trustee or Paying Agent, as applicable, by manual signature, and such certificate of authentication upon any such Note shall be conclusive evidence that such has been authenticated and delivered under this Resolution. The certificate of authentication on the Note shall be deemed to have been executed by the Trustee or Paying Agent, as applicable, if signed by an authorized officer of the Trustee or Paying Agent, as applicable. The Note need not bear the seal of the Local Agency, if any.

#### **Section 10. Note Registration and Transfer.**

(A) Provisions Applicable if the Note is a Pooled Note. (1) As long as the Note remains outstanding, the Local Agency shall maintain and keep at the principal corporate trust office of the Trustee, books for the registration and transfer of the Note. The Note shall initially be registered in the name of the Trustee under the Indenture to which the Note is assigned. Upon surrender of the Note for transfer at the office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or its duly authorized attorney, and upon payment of any tax, fee or other governmental charge required to be paid with respect to such transfer or the Local Agency shall execute and the Trustee shall authenticate and deliver, in the name of the designated transferee, a fully registered Note. For every transfer of the Note, the Local Agency or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to the transfer, which sum or sums shall be paid by the person requesting such transfer as a condition precedent to the exercise of the privilege of making such transfer.

(2) Subject to Section 6 hereof, the Local Agency and the Trustee and their respective successors may deem and treat the person in whose name the Note is registered as the absolute owner thereof for all purposes and the Local Agency and the Trustee and their respective successors shall not be affected by any notice to the contrary, and payment of or on account of the principal of the Note shall be made only to or upon the order of the registered owner thereof. All such payments shall be valid and effectual to satisfy and discharge the liability upon the Note to the extent of the sum or sums so paid.

(3) Any Note may, in accordance with its terms, be transferred upon the books required to be kept by the Trustee, pursuant to the provisions hereof by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Note for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in form approved by the Trustee.

(4) The Trustee or the Authorized Officer of the Local Agency, acting separately or together, are authorized to sign any letter of representations which may be required in connection with the delivery of the Bonds if such Bonds are delivered in book-entry form.

(5) In the event the Credit Instrument is the Reserve Fund and Reserve Bonds are issued in connection therewith, if such Reserve Bonds must be redeemed in part pursuant to the provisions of the Reserve Indenture, the Reserve Trustee is authorized and directed to execute and deliver to the registered owner thereof at the expense of the Local Agency if the Local Agency's Note is then deemed outstanding, a new Reserve Bond or Reserve Bonds of authorized denominations pursuant to the terms of the Reserve Indenture.

(B) Provisions Applicable if the Note is a Separately Marketed Note. (1) As long as the Note remains outstanding, the Local Agency shall maintain at the principal corporate trust office of the Paying Agent, books for the registration and transfer of the Note. The Note shall be prepared in the form of fully registered Notes in denominations of five thousand dollars (\$5,000) or any integral multiple thereof. The Note shall be initially issued registered in the name of "Cede & Co.," as nominee of The Depository Trust Company, New York, New York, and shall be evidenced by one Note to be in a denomination corresponding to the total principal amount of the Note. Registered ownership of the Note, or any portion hereof, may not hereafter be transferred except as hereinafter set forth. Registered ownership of such Note, or any portion thereof, may not thereafter be transferred except:

(a) to any successor of The Depository Trust Company or its nominee, or of any substitute depository designated pursuant to clause (b) of this subsection (1) ("Substitute Depository"); provided that any successor of The Depository Trust Company or Substitute Depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(b) to any Substitute Depository not objected to by the Local Agency, upon (i) the resignation of The Depository Trust Company or its successor (or any Substitute Depository or its successor) from its functions as depository, or (ii) a determination by the Local Agency to substitute another depository for The Depository Trust Company (or its successor) because The Depository Trust Company (or its successor) is no longer able to carry out its functions as depository; provided that any such Substitute Depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(c) to any person as provided below, upon (i) the resignation of The Depository Trust Company or its successor (or any Substitute Depository or its successor) from its functions as depository, or (ii) a determination by the Local Agency to discontinue using a depository.

(2) In the case of any transfer pursuant to clause (a) or clause (b) of subsection (1) of this subsection (B), upon receipt of all outstanding Notes by the Paying Agent, together with a written request of an Authorized Officer of the Local Agency to the Paying Agent designating the Substitute Depository, a single new Note, which the Local Agency shall prepare or cause to be prepared, shall be executed and delivered, registered in the name of such successor or such Substitute Depository, or their nominees, as the case may be, all as specified in such written request of an Authorized Officer of the Local Agency. In the case of any transfer pursuant to clause (c) of subsection (1) of this subsection (B), upon receipt of all outstanding Notes by the Paying Agent, together with a written request of an Authorized Officer of the Local Agency to the Paying Agent, new Notes, which the Local Agency shall prepare or cause to be prepared, shall be executed and delivered in such denominations and registered

in the names of such persons as are requested in such written request of an Authorized Officer of the Local Agency, subject to the limitations of Section 2 hereof.

(3) Subject to Section 6 hereof, the Paying Agent and the Local Agency and their respective successors shall be entitled to treat the person in whose name any Note is registered as the Owner thereof for all purposes of this Resolution and any applicable laws, notwithstanding any notice to the contrary received by the Local Agency; and the Local Agency shall not have responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any beneficial owners of the Note. Neither the Local Agency, nor the Paying Agent nor their respective successors shall have any responsibility or obligation, legal or otherwise, to any such beneficial owners or to any other party, including The Depository Trust Company or its successor (or Substitute Depository or its successor), except to the owner of any Notes, and the Local Agency and the Paying Agent may rely conclusively on their records as to the identity of the owners of the Note.

(4) Notwithstanding any other provision of this Resolution and so long as the Note is outstanding and registered in the name of Cede & Co. or its registered assigns, the Local Agency shall cooperate with Cede & Co., as sole registered Noteowner, and its registered assigns in effecting payment of the principal of and interest on the Note by arranging for payment in such manner that funds for such payments are properly identified and are made available on the date they are due all in accordance with a letter of representations to be delivered in connection with the Note (the "Letter of Representations"), the provisions of which the Local Agency may rely upon to implement the foregoing procedures notwithstanding any inconsistent provisions herein. The Authorized Officer is hereby directed to execute the Letter of Representations on behalf of the Local Agency.

(C) Provisions Applicable to both Pooled Notes and Separately Marketed Notes.

(1) The Trustee or Paying Agent, as applicable, will keep or cause to be kept, at its principal corporate trust office, sufficient books for the registration and transfer of the Note, which shall be open to inspection by the Local Agency during regular business hours. Upon presentation for such purpose, the Trustee or Paying Agent, as applicable, shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such books, the Note as hereinbefore provided.

(2) If any Note shall become mutilated, or the Local Agency, at the expense of the registered owner of such Note, shall execute, and the Trustee or Paying Agent, as applicable, shall thereupon authenticate and deliver a new Note of like tenor and number in exchange and substitution for the Note so mutilated, but only upon surrender to the Trustee or Paying Agent, as applicable, of the Note so mutilated. Every mutilated Note so surrendered to the Trustee shall be cancelled by it and delivered to, or upon the order of, the Local Agency. If any Note shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Local Agency and the Trustee or Paying Agent, as applicable, and, if such evidence be satisfactory to them and indemnity satisfactory to them shall be given, the Local Agency, at the expense of the registered owner, shall execute, and the Trustee or the Paying Agent, as applicable, shall thereupon authenticate and deliver a new Note of like tenor and number in lieu of and in substitution for the Note so lost, destroyed or stolen (or if any such Note shall have matured or shall be about to mature, instead of issuing a substitute Note, the Trustee or Paying Agent, as applicable, may pay the same without surrender thereof). The Trustee or Paying Agent, as applicable, may require payment of a sum not exceeding the actual cost of preparing each new Note issued pursuant to this paragraph and of the expenses which may be incurred by the Local Agency and the Trustee or Paying Agent, as applicable, in such preparation. Any Note issued under these provisions in lieu of any Note alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Local Agency, whether or not the Note so alleged to be lost, destroyed or



stolen be at any time enforceable by anyone, and shall be entitled to the benefits of this Resolution with all other Notes secured by this Resolution.

**Section 11. Representations and Covenants.**

(A) The Local Agency is a municipal corporation duly organized and existing under and by virtue of the laws of the State of California and has all necessary power and authority to (i) adopt the Resolution, (ii) enter into and perform its obligations under the Purchase Agreement, and (iii) issue the Note.

(B) (i) Upon the issuance of the Note, the Local Agency will have taken all action required to be taken by it to authorize the issuance and delivery of the Note and the performance of its obligations thereunder, and (ii) the Local Agency has full legal right, power and authority to issue and deliver the Note.

(C) The issuance of the Note, the adoption of the Resolution and the execution and delivery of the Purchase Agreement, and compliance with the provisions hereof and thereof will not conflict with, breach or violate any law, administrative regulation, court decree, resolution, charter, by-laws or other agreement to which the Local Agency is subject or by which it is bound.

(D) Except as may be required under blue sky or other securities law of any state or Section 3(a)(2) of the Securities Act of 1933, there is no consent, approval, authorization or other order of, or filing with, or certification by, any regulatory authority having jurisdiction over the Local Agency required for the issuance and sale of the Note or the consummation by the Local Agency of the other transactions contemplated by this Resolution except those the Local Agency shall obtain or perform prior to or upon the issuance of the Note.

(E) The Local Agency has (or will have prior to the issuance of the Note) duly, regularly and properly adopted a preliminary budget for Fiscal Year 1993-1994 setting forth expected revenues and expenditures and has complied with all statutory and regulatory requirements with respect to the adoption of such budget. The Local Agency hereby covenants that it will (i) duly, regularly and properly prepare and adopt its final budget for Fiscal Year 1993-1994, (ii) provide to the Trustee or Paying Agent (as applicable), the Credit Provider, if any, the Reserve Credit Provider, if any, and the Underwriter, promptly upon adoption, copies of such final budget and of any subsequent revisions, modifications or amendments thereto and (iii) comply with all applicable laws pertaining to its budget.

(F) The sum of the principal amount of the Local Agency's Note plus the interest payable thereon, on the date of its issuance, will not exceed fifty percent (50%) of the estimated amounts of the Local Agency's uncollected taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts, and other moneys to be received by the Local Agency for the general fund of the Local Agency attributable to Fiscal Year 1993-1994 all of which will be legally available to pay principal of and interest on the Note.

(G) The Local Agency (i) has not defaulted within the past twenty (20) years, and is not currently in default, on any debt obligation and (ii), to the best knowledge of the Local Agency, has never defaulted on any debt obligation.

(H) The Local Agency's most recent audited financial statements present fairly the financial condition of the Local Agency as of the date thereof and the results of operation for the period covered thereby. Except as has been disclosed to the Underwriter, the Credit Provider, if any, and the Reserve Credit Provider, if any, there has been no change in the financial condition of the Local Agency

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since the date of such audited financial statements that will in the reasonable opinion of the Local Agency materially impair its ability to perform its obligations under this Resolution and the Note. The Local Agency agrees to furnish to the Underwriter, the Trustee (or the Paying Agent, if applicable), the Credit Provider, if any, and the Reserve Credit Provider, if any, promptly, from time to time, such information regarding the operations, financial condition and property of the Local Agency as such party may reasonably request.

(I) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, arbitrator, governmental or other board, body or official, pending or, to the best knowledge of the Local Agency, threatened against or affecting the Local Agency questioning the validity of any proceeding taken or to be taken by the Local Agency in connection with the Note, the Purchase Agreement, the Indenture, the Credit Agreement, if any, the Reserve Credit Agreement, if any, or this Resolution, or seeking to prohibit, restrain or enjoin the execution, delivery or performance by the Local Agency of any of the foregoing, or wherein an unfavorable decision, ruling or finding would have a materially adverse effect on the Local Agency's financial condition or results of operations or on the ability of the Local Agency to conduct its activities as presently conducted or as proposed or contemplated to be conducted, or would materially adversely affect the validity or enforceability of, or the authority or ability of the Local Agency to perform its obligations under, the Note, the Purchase Agreement, the Indenture, the Credit Agreement, if any, the Reserve Credit Agreement, if any, or this Resolution.

(J) Upon issuance of the Note, the Note and this Resolution will constitute legal, valid and binding agreements of the Local Agency, enforceable in accordance with their respective terms, except as such enforceability may be limited by bankruptcy or other laws affecting creditors' rights generally, the application of equitable principles if equitable remedies are sought, the exercise of judicial discretion in appropriate cases and the limitations on legal remedies against local agencies, as applicable, in the State of California.

(K) It is hereby covenanted and warranted by the Local Agency that all representations and recitals contained in this Resolution are true and correct, and that the Local Agency and its appropriate officials have duly taken, or will take, all proceedings necessary to be taken by them, if any, for the levy, receipt, collection and enforcement of the Pledged Revenues in accordance with law for carrying out the provisions of this Resolution and the Note.

(L) The Local Agency shall not incur any indebtedness secured by a pledge of its unrestricted revenues unless such pledge is subordinate in all respects to the pledge of unrestricted revenues hereunder.

(M) So long as the Credit Provider, if any, is not in default under the Credit Instrument or the Reserve Credit Provider, if any, is not in default under the corresponding Reserve Credit Agreement, the Local Agency hereby agrees to pay its pro rata share of all Predefault Obligations and all Reimbursement Obligations attributable to the Local Agency in accordance with provisions of the Credit Agreement, if any, the Reserve Credit Agreement, if any, and/or the Indenture, as applicable. Prior to the Maturity Date, moneys in the Local Agency's Payment Account shall not be used to make such payments. The Local Agency shall pay such amounts promptly upon receipt of notice from the Credit Provider or from the Reserve Credit Provider, if applicable, that such amounts are due to it.

(N) If the Note is a Pooled Note, so long as any Bonds issued in connection with the Notes are Outstanding, or any Predefault Obligation or Reimbursement Obligation is outstanding, the Local Agency will not create or suffer to be created any pledge of or lien on the Note other than the pledge and lien of the Indenture.

- (O) The Local Agency will maintain a positive general fund balance.

**Section 12. Tax Covenants.** (A) The Local Agency will not take any action or fail to take any action if such action or failure to take such action would adversely affect the exclusion from gross income of the interest payable on the Note under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Without limiting the generality of the foregoing, the Local Agency will not make any use of the proceeds of the Note or any other funds of the Local Agency which would cause the Note to be an "arbitrage bond" within the meaning of Section 148 of the Code, a "private activity bond" within the meaning of Section 141(a) of the Code, or an obligation the interest on which is subject to federal income taxation because it is "federally guaranteed" as provided in Section 149(b) of the Code. The Local Agency, with respect to the proceeds of the Note, will comply with all requirements of such sections of the Code and all regulations of the United States Department of the Treasury issued or applicable thereunder to the extent that such requirements are, at the time, applicable and in effect.

(B) The Local Agency hereby (i) represents that the aggregate face amount of all tax-exempt obligations (including any tax-exempt leases, but excluding private activity bonds), issued and to be issued by the Local Agency during calendar year 1993, including the Note, is not reasonably expected to exceed \$5,000,000; or (ii) covenants that the Local Agency will take all legally permissible steps necessary to ensure that all of the gross proceeds of the Note will be expended no later than the day that is six months after the date of issuance of the Note so as to satisfy the requirements of Section 148(f)(4)(B) of the Code.

(C) Notwithstanding any other provision of this Resolution to the contrary, upon the Local Agency's failure to observe, or refusal to comply with, the covenants contained in this Section 12, no one other than the holders or former holders of the Note, the Bond Owners, the Credit Provider, if any, the Reserve Credit Provider, if any, or the Trustee (or Paying Agent, as applicable) on their behalf shall be entitled to exercise any right or remedy under this Resolution on the basis of the Local Agency's failure to observe, or refusal to comply with, such covenants.

- (D) The covenants contained in this Section 12 shall survive the payment of the Note.

**Section 13. Events of Default and Remedies.**

If any of the following events occurs, it is hereby defined as and declared to be and to constitute an "Event of Default":

(A) Failure by the Local Agency to make or cause to be made the transfers and deposits to the Payment Account or Payment Fund, as applicable, or any other payment required to be paid hereunder on or before the date on which such transfer, deposit or other payment is due and payable;

(B) Failure by the Local Agency to observe and perform any covenant, condition or agreement on its part to be observed or performed under this Resolution, for a period of fifteen (15) days after written notice, specifying such failure and requesting that it be remedied, is given to the Local Agency by the Trustee (or Paying Agent, as applicable), the Credit Provider, if applicable, or the Reserve Credit Provider, if applicable, unless the Trustee (or Paying Agent, as applicable) and the Credit Provider or the Reserve Credit Provider, if applicable, shall all agree in writing to an extension of such time prior to its expiration;

(C) Any warranty, representation or other statement by or on behalf of the Local Agency contained in this Resolution or the Purchase Agreement (including the Pricing

Confirmation) or in any requisition or any financial report delivered by the Local Agency or in any instrument furnished in compliance with or in reference to this Resolution or the Purchase Agreement or in connection with the Note, is false or misleading in any material respect;

(D) A petition is filed against the Local Agency under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect and is not dismissed within 30 days after such filing, but the Trustee (or Paying Agent, as applicable) shall have the right to intervene in the proceedings prior to the expiration of such 30 days to protect its and the Bond Owners' (or Noteholders') interests;

(E) The Local Agency files a petition in voluntary bankruptcy or seeking relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, or consents to the filing of any petition against it under such law; or

(F) The Local Agency admits insolvency or bankruptcy or is generally not paying its debts as such debts become due, or becomes insolvent or bankrupt or makes an assignment for the benefit of creditors, or a custodian (including without limitation a receiver, liquidator or trustee) of the Local Agency or any of its property is appointed by court order or takes possession thereof and such order remains in effect or such possession continues for more than 30 days, but the Trustee (or Paying Agent, as applicable) shall have the right to intervene in the proceedings prior to the expiration of such 30 days to protect its and the Bond Owners' or Noteholders' interests.

Whenever any Event of Default referred to in this Section 13 shall have happened and be continuing, the Trustee (or Paying Agent, as applicable) shall, in addition to any other remedies provided herein or by law or under the Indenture, if applicable, have the right, at its option without any further demand or notice, to take one or any combination of the following remedial steps:

(1) Without declaring the Note to be immediately due and payable, require the Local Agency in the case the Note is a Pooled Note, to pay to the Trustee, and in the case the Note is a Separately Marketed Note, to pay to the Paying Agent, in either case, an amount equal to the principal of the Note and interest thereon to maturity, plus all other amounts due hereunder, and upon notice to the Local Agency the same shall become immediately due and payable by the Local Agency without further notice or demand; and

(2) Take whatever other action at law or in equity (except for acceleration of payment on the Note) which may appear necessary or desirable to collect the amounts then due and thereafter to become due hereunder or to enforce any other of its rights hereunder.

Notwithstanding the foregoing, if the Local Agency's Note is secured in whole or in part by a Credit Instrument (other than the Reserve Fund) or if the Credit Provider is subrogated to rights under the Local Agency's Note, as long as the Credit Provider has not failed to comply with its payment obligations under the Credit Instrument, the Credit Provider shall have the right to direct the remedies upon any Event of Default hereunder, and, notwithstanding the foregoing, if a Reserve Credit Instrument is applicable, as long as the Reserve Credit Provider has not failed to comply with its payment obligations under the Reserve Credit Agreement, the Reserve Credit Provider shall have the right (prior to the Credit Provider) to direct the remedies upon any Event of Default hereunder, in each case so long as such action will not materially adversely affect the rights of any Bond Owner, and the Credit Provider's and Reserve Credit Provider's (if any) prior consent shall be required to any remedial action proposed to be taken by the Trustee hereunder.

If the Credit Provider is not reimbursed on the Maturity Date for the drawing, payment or claim, as applicable, used to pay principal of and interest on the Note due to a default in payment on the Note by the Local Agency, as provided in Section 5.03 of the Indenture, or if any principal of or interest on the Note remains unpaid after the Maturity Date, the Note shall be a Defaulted Note, the unpaid portion (including the interest component, if applicable) thereof or the portion (including the interest component, if applicable) to which a Credit Instrument applies for which reimbursement on a draw, payment or claim has not been made shall be deemed outstanding and shall bear interest at the Default Rate until the Local Agency's obligation on the Defaulted Note is paid in full or payment is duly provided for, all subject to Section 8 hereof.

If the Credit Instrument is the Reserve Fund and the Reserve Bonds are secured by the Reserve Credit Instrument and all principal of and interest on the Note is not paid in full by the Reserve Principal Payment Date, the Defaulted Note shall become a Defaulted Reserve Note and the unpaid portion (including the interest component, if applicable) thereof (or the portion thereof with respect to which the Reserve Fund applies for which reimbursement on a Drawing has not been fully made) shall be deemed outstanding and shall bear interest at the Default Rate until the Local Agency's obligation on the Defaulted Reserve Note is paid in full or payment is duly provided for, all subject to Section 8 hereof.

**Section 14. Trustee/Paying Agent.** The Trustee is hereby appointed as paying agent, registrar and authenticating agent for the Note if it is a Pooled Note. The Paying Agent is hereby appointed as paying agent, registrar and authenticating agent for the Note if it is a Separately Marketed Note. The Local Agency hereby directs and authorizes the payment by the Trustee or Paying Agent, respectively, of the interest on and principal of the Note when such become due and payable, from amounts received by the Trustee or Paying Agent from the Local Agency in the manner set forth herein. The Local Agency hereby covenants to deposit funds in such account or fund, as applicable, at the time and in the amount specified herein to provide sufficient moneys to pay the principal of and interest on the Note on the day on which it matures. Payment of the Note shall be in accordance with the terms of the Note and this Resolution.

The Local Agency hereby agrees to maintain as paying agent, registrar and authenticating agent of the Note, (i) the Trustee under the Indenture, or (ii) the Paying Agent under the terms of this Resolution.

**Section 15. Sale of Note.** The Note shall be sold to the Authority, in accordance with the terms of the Purchase Agreement, hereinbefore approved.

**Section 16. Approval and Execution of Amended Agreement.** The Amended Agreement is hereby approved and the Mayor or the City Manager or any other designated official of the Local Agency, is hereby authorized and directed to execute the Amended Agreement, with such changes, insertions and omissions as may be approved by such official and the secretary or clerk of the Local Agency is hereby authorized and directed to attest the same.

**Section 17. Approval of Actions.** The aforementioned officers of the Local Agency are hereby authorized and directed to execute the Note and cause the Trustee or Paying Agent, as applicable, to authenticate and accept delivery of the Note, pursuant to the terms and conditions of the Purchase Agreement and the Indenture. All actions heretofore taken by the officers and agents of the Local Agency or this Legislative Body with respect to the sale and issuance of the Note and participation in the Program are hereby approved, confirmed and ratified and the officers and agents of the Local Agency are hereby authorized and directed, for and in the name and on behalf of the Local Agency, to do any and all things and take any and all actions and execute any and all certificates, agreements and other documents which they, or any of them, may deem necessary or advisable in order to consummate the

lawful issuance and delivery of the Note in accordance with, and related transactions contemplated by, this Resolution. The officers of the Local Agency referred to above in Section 4 hereof are hereby designated as "Authorized Local Agency Representatives" under the Indenture.

In the event that the Note or a portion thereof is secured by a Credit Instrument, the Authorized Officer is hereby authorized and directed to provide the Credit Provider and, if applicable, the Reserve Credit Provider, with any and all information relating to the Local Agency as such Credit Provider or Reserve Credit Provider may reasonably request.

**Section 18. Proceedings Constitute Contract.** The provisions of the Note and of this Resolution shall constitute a contract between the Local Agency and the registered owner of the Note, the Credit Provider, if any, and the Reserve Credit Provider, if any, and such provisions shall be enforceable by mandamus or any other appropriate suit, action or proceeding at law or in equity in any court of competent jurisdiction, and shall be irrevocable.

**Section 19. Limited Liability.** Notwithstanding anything to the contrary contained herein or in the Note or in any other document mentioned herein or related to the Note or to any Series of Bonds to which the Note may be assigned, the Local Agency shall not have any liability hereunder or by reason hereof or in connection with the transactions contemplated hereby except to the extent payable from moneys available therefor as set forth in Section 8 hereof.

**Section 20. Amendments.** At any time or from time to time, the Local Agency may adopt one or more Supplemental Resolutions with the written consents of the Authority, the Credit Provider, if any, and the Reserve Credit Provider, if any, but without the necessity for consent of the owners of the Note or of the Bonds issued in connection with the Notes for any one or more of the following purposes:

(A) to add to the covenants and agreements of the Local Agency in this Resolution, other covenants and agreements to be observed by the Local Agency which are not contrary to or inconsistent with this Resolution as theretofore in effect;

(B) to add to the limitations and restrictions in this Resolution, other limitations and restrictions to be observed by the Local Agency which are not contrary to or inconsistent with this Resolution as theretofore in effect;

(C) to confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, this Resolution, of any monies, securities or funds, or to establish any additional funds or accounts to be held under this Resolution;

(D) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in this Resolution; or

(E) to amend or supplement this Resolution in any other respect;

provided, however, that any such Supplemental Resolution does not adversely affect the interests of the owners of the Note or of the Bonds issued in connection with the Notes.

Any modifications or amendment of this Resolution and of the rights and obligations of the Local Agency and of the owners of the Note or of the Bonds issued in connection with the Notes may be made by a Supplemental Resolution, with the written consent of the owners of at least a majority in principal amount of the Note or of the Bonds issued in connection with the Notes outstanding at the time

such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as the Note or any Bonds issued in connection with the Notes remain outstanding, the consent of the owners of such Note or of such Bonds shall not be required. No such modification or amendment shall permit a change in the maturity of the Note or a reduction of the principal amount thereof or an extension of the time of any payment thereon or a reduction of the rate of interest thereon, or a change in the date or amounts of the pledge set forth in this Resolution, without the consent of the owners of such Note or the owners of the Bonds issued in connection with the Notes, or shall reduce the percentage of the Notes or Bonds the consent of the owners of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of the Trustee or Paying Agent, as applicable, without its written assent thereto.

**Section 21. Severability.** In the event any provision of this Resolution shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

**Section 22. Appointment of Bond Counsel.** The law firm of Orrick, Herrington & Sutcliffe, Los Angeles, California is hereby appointed Bond Counsel for the Program.

**Section 23. Appointment of Underwriter.** Sutro & Co. Incorporated, Los Angeles, California, is hereby appointed underwriter for the Program.

CLERK'S CERTIFICATE

I, Jennifer M. Perrin Clerk of the City of Lodi, hereby certify as follows:

The foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of the City Council duly and regularly held at the regular meeting place thereof on the 19<sup>th</sup> day of May, 1993, of which meeting all of the members of the City Council of the City of Lodi had due notice and at which a majority thereof were present; and at the meeting said resolution was adopted by the following vote:

AYES: Council Members - Mann, Sieglock, Snider, and Pennino (Mayor)

NOES: Council Members - Davenport

ABSENT: Council Members - None

An agenda of said meeting was posted at least 72 hours before said meeting at various locations, Lodi, California, a location freely accessible to members of the public, and a brief general description of said resolution appeared on said agenda.

I have carefully compared the same with the original minutes of said meeting on file and of record in my office; the foregoing resolution is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes; and said resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

Dated: May 19, \_\_, 1993

Jennifer M. Perrin *ms* *ep*  
Clerk of the City of Lodi



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INDENTURE

by and between

U.S. TRUST COMPANY OF CALIFORNIA, N.A.

and

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY

Dated as of July 1, 1993

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY  
1993 POOL BONDS, SERIES \_\_  
\$ \_\_\_\_\_

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## INDENTURE

This Indenture (the "Indenture"), dated as of July 1, 1993, by and between U.S. Trust Company of California, N.A., a national banking association duly organized and existing under and by virtue of the laws of the United States of America, as trustee (the "Trustee"), and the CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY (the "Authority");

### W I T N E S S E T H:

WHEREAS, the local agencies named in Schedule I hereto (the "Local Agencies") have determined to simultaneously issue their Tax and Revenue Anticipation Notes, all having the same maturity date and in the respective principal amounts set forth in Schedule I hereto (individually, a "Note" and, collectively, the "Notes") and to sell the Notes to the Authority and participate in the California Cash Flow Financing Program (the "Program"); and

WHEREAS, each Local Agency has acknowledged the pooling of its Note with the Notes issued by other Local Agencies participating in the Program and the assignment by the Authority of the Note to the Trustee to secure payment of the Bonds issued under this Indenture (the "Bonds"), in order to achieve a lower net interest cost and lower costs associated with issuing its Note; and

WHEREAS, each Local Agency has entered into a purchase agreement with the Authority whereby the Authority has agreed to purchase such Local Agency's Note and in connection therewith issue the Bonds; and

WHEREAS, each Local Agency has acknowledged that the Authority will enter into the Indenture and to issue, pursuant to the terms of the Indenture, the Bonds; and

WHEREAS, pursuant to the Program and the Indenture, the Authority has assigned its interest in the Notes to the Trustee; and

WHEREAS, the Trustee, pursuant hereto, accepts the assignment of the Notes and all duties, obligations and trusts of the Trustee established in this Indenture; and

WHEREAS, the Bonds are secured by a credit facility (the "Credit Instrument") identified by type and provided by the entity designated as the credit provider (the "Credit Provider") in Schedule I; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of the Indenture and delivery of the Bonds do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into the Indenture;

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH ARE HEREBY ACKNOWLEDGED, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

## ARTICLE I

### DEFINITIONS; EQUAL SECURITY

SECTION 1.01. Definitions. Unless the context otherwise requires, the terms defined in this section shall, for all purposes hereof and of any amendment hereof or supplement hereto and of the Bonds and of any certificate, opinion, request or other document mentioned herein or therein, have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein (provided that the Credit Instruments shall be governed by the respective definitions set forth therein):

"Authority" means the California Statewide Communities Development Authority, duly organized and existing under and by virtue of the laws of the State of California.

"Authorized Local Agency Representative" means the person or persons designated in Section 17 of the Local Agency Note Resolution or any other person at the time designated to act on behalf of such Local Agency by written certificate furnished to the Trustee, containing the specimen signature of such person and signed on behalf of such Local Agency by an Authorized Local Agency Representative.

"Available Moneys" means any money on deposit in trust with the Trustee (i) which is proceeds of the Notes, (ii) which has been held by the Trustee for at least 124 days during which no petition in bankruptcy under the United States Bankruptcy Code has been filed by or against the Local Agency depositing such money, as debtor, and no similar proceeding has been instituted under state insolvency or other laws affecting creditors' rights generally, provided that such amounts will again be deemed Available Money if the petition or proceedings have been dismissed and such dismissal is no longer subject to appeal, (iii) which is proceeds of the investment of any Available Moneys on deposit in trust with the Trustee, (iv) which is proceeds of drawings under, claims or payments pursuant to or from any of the Credit Instruments, or (v) which is derived from the proceeds of notes or obligations issued for the purpose of refunding the Notes or from a person not subject to the United States Bankruptcy Code or similar state laws with avoidable preference provisions, but only if the Trustee receives an Opinion of Counsel that payment of such amount derived from the sources specified in this subsection (v) to the Owners of the Notes would not constitute avoidable preferences under Section 544 of the United States Bankruptcy Code or similar state laws with avoidable preference provisions in the event of the filing of a petition for relief under the United States Bankruptcy Code or similar state laws with avoidable preference provisions by or against the Authority or any Local Agency.

"Bonds" means the \$ \_\_\_\_\_ California Statewide Communities Development Authority 1993 Pool Bonds, Series \_\_\_\_ authorized hereby and at any time Outstanding hereunder that are issued by the Authority under and pursuant to Article II.

"Bond Payment Fund" means the fund by that name established in Section 3.02.

"Business Day" means any day except Saturday, Sunday or any day on which banks located in the city in which the designated trust office of the Trustee or the Principal Office of the Credit Provider is located, are required or authorized to remain closed.

**"Certificate" or "Request"** with respect to a Local Agency means an instrument in writing signed on behalf of such Local Agency by the Authorized Local Agency Representative, and with respect to the Authority means an instrument in writing signed on behalf of the Authority by its Chair, Secretary or Executive Director or other person at the time designated to act on behalf of the Authority by written certificate furnished to the Trustee.

**"Code"** means the Internal Revenue Code of 1986 and the regulations issued or applicable thereunder.

**"Costs of Issuance"** means all items of expense directly or indirectly payable by or reimbursable to a Local Agency or the Authority and related to the authorization, execution and delivery of the Notes and the related sale of the Bonds and, if applicable, the related sale of Reserve Bonds, including, but not limited to, the Credit Provider's Credit Instrument fees or premium or costs of issuance, as applicable, and, if applicable (and unless otherwise provided in the Reserve Indenture), the Reserve Credit Provider's Reserve Credit Instrument fees or premium or costs of issuance, costs of preparation, reproduction and delivery of documents, filing and recording fees, fees and charges of the Trustee, bond counsel fees and charges, other legal fees and charges, fees and disbursements of consultants and professionals, fees and charges for preparation, execution, safekeeping and delivery of the Bonds and any other costs, charges or fees in connection with the original issuance of the Notes or the Bonds.

**"Costs of Issuance Fund"** means the fund by that name established pursuant to Section 3.02.

**"Credit Agreement"** means the Credit Agreement, if any, identified in Schedule I and dated as of July 1, 1993 between the Authority and the Credit Provider as the same may be amended from time to time and/or, if the Credit Instrument is the Reserve Fund, then the Reserve Indenture between the Reserve Trustee as Credit Provider and the Authority. If there is more than one Credit Agreement, the term shall refer to each of them separately and collectively.

**"Credit Fund"** means the fund of that name created by Section 3.02.

**"Credit Instrument"** means the instrument designated in Schedule I as (i) the Letter of Credit/Policy of Insurance dated the date of issuance of the Notes, issued by the Credit Provider designated in Schedule I in favor of the Trustee, as the same may be amended from time to time, and/or (ii) the Reserve Fund. If there is more than one Credit Instrument, the term shall refer to each of them separately and collectively. The Credit Instrument shall be deemed to enhance the Notes which secure the Bonds.

**"Credit Provider"** means \_\_\_\_\_ as provider of the Credit Instrument and/or the Reserve Trustee as credit provider under the Reserve Indenture. If there is more than one Credit Provider, the term shall refer to each of them separately and collectively. The Reserve Trustee shall not be a Credit Provider directly to any Local Agency with respect to its Note, but may be a Credit Provider with respect to Bonds secured by the Note.

**"Defaulted Note"** means a Note (i) the principal of and interest on which has been paid in whole or in part with the proceeds of a drawing or claim or payment under or from the Credit Instrument which remains not fully reimbursed on the Maturity Date or (ii) any of the principal of or interest on which is not paid on the Maturity Date.



"Defaulted Reserve Note" shall have the meaning ascribed to it in the Reserve Indenture.

"Default Rate" means the rate of interest per annum payable with respect to the outstanding portion of each Defaulted Note or Defaulted Reserve Note, as applicable, which (i) if the Defaulted Note is paid in whole or in part by an unreimbursed draw or claim or payment under or from a Credit Instrument, is calculated in accordance with the Credit Agreement and if such Defaulted Note becomes a Defaulted Reserve Note, is calculated in accordance with the Reserve Credit Agreement, or (ii) if the Defaulted Note is unpaid and no Credit Instrument is applicable thereto, shall equal the Note Rate.

"Drawing" shall have the meaning denoted in Section 3.03(a) of the Reserve Indenture.

"Indenture" means this Indenture, dated as of July 1, 1993, by and between the Trustee and the Authority, as originally executed and entered into and as it may from time to time be amended or supplemented in accordance herewith.

"Interest Fund" means the fund by that name established in Section 3.02.

"Interest Payment Date" means the date on which interest on the Bonds becomes due and payable, being the Maturity Date.

"Local Agencies" means the California local agencies listed in Schedule I hereto and, their successors and assigns.

"Maturity Date" means the date on which the principal and interest on each Note becomes due and payable, being June 30, 1994.

"Notes" means the tax and revenue anticipation notes issued by the Local Agencies in the respective aggregate principal amounts described in Schedule I hereto.

"Note Rate" means the stated rate of interest payable on the Notes.

"Note Resolutions" means the respective resolutions adopted by the legislative bodies of the Local Agencies authorizing the issuance of the Notes and approving the execution and delivery of this Indenture and the Bonds.

"Opinion of Counsel" means a written opinion of counsel of recognized national standing in the field of law relating to municipal bonds, appointed by the Authority and satisfactory to and approved by the Trustee (who shall be under no liability by reason of such approval).

"Outstanding," when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 9.02) all Bonds except --

- (1) Bonds cancelled by the Trustee or surrendered to the Trustee for cancellation;
- (2) Bonds paid or deemed to have been paid within the meaning of Section 10.01;

and

(3) Bonds in lieu of or in exchange or substitution for which other Bonds shall have been authenticated and delivered by the Trustee hereunder.

**"Owner"** means the registered owner of any Outstanding Bond.

**"Payment Accounts"** means the accounts created by the Local Agencies pursuant to the Note Resolutions Bond Payment Fund under Section 3.02.

**"Permitted Investments"** means any of the following to the extent then permitted by law:

(i) United States of America Treasury bills, notes, bonds or certificates of indebtedness, or obligations of, or obligations guaranteed directly or indirectly by, the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America or any Federal Reserve Bank) or securities or other instruments evidencing ownership interests in such obligations or in specified portions of the interest on or principal of such obligations.

(ii) Registered state warrants or treasury notes or bonds of the State, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the State or by a department, board, agency, or authority thereof, rated A or higher by Moody's and S&P as to long term instruments and rated in the highest rating category by Moody's and S&P as to short term instruments;

(iii) Bonds, notes, warrants, or other evidences of indebtedness of any local agency within the State, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency or authority thereof, rated A or higher by Moody's and S&P as to long term instruments and rated in the highest rating category by Moody's and S&P as to short term instruments;

(iv) Obligations, debentures, notes, or other evidence of indebtedness issued or guaranteed by any of the following: Banks for Cooperatives, Federal Intermediate Credit Banks, Federal Home Loan Bank System, Export-Import Bank of the United States, Federal Financing Bank, Federal Land Banks, Federal Farm Credits, Government National Mortgage Association, Farmers Home Administration, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association or Federal Housing Administration.

(v) Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers acceptances, rated at least "A-1" by Moody's and "A-1" by S&P, which are eligible for purchase by the Federal Reserve System; provided that purchases of bankers acceptances may not exceed 270 days' maturity;

(vi) Commercial paper of "prime" quality of the highest ranking or of the highest letter and numerical rating as provided for by Moody's and S&P; provided that eligible commercial paper is further limited to issuing corporations that are organized and operating within the United States and having total assets in excess of \$500,000,000, and having an "A" or higher rating for the issuer's debt, other than commercial paper, if any, as provided for by Moody's and S&P; and provided further that purchases of eligible, commercial paper may not exceed 180 days maturity nor represent more than 10% of the outstanding commercial paper of an issuing corporation;

(vii) Nonnegotiable or negotiable certificates of deposit issued by a nationally- or state-chartered bank or a state or federal association (as defined by Section 5102 of the California Financial Code or any successor statute) or by a state licensed branch of a foreign bank, whose long term debt obligations are rated "A" or better by S&P and Moody's;

(viii) Any repurchase agreement or reverse repurchase agreement of any securities enumerated above, where "repurchase agreement" means a purchase of securities pursuant to an agreement by which the seller will repurchase such securities on or before a specified date and for a specified amount and will deliver the underlying securities by book entry, physical delivery or by third-party custodial agreement, and where such securities, for purposes of repurchase under this clause, shall mean securities of the same issuer, description, issue, date and maturity; and where the term "reverse repurchase agreement" means a sale of securities by the Trustee pursuant to an agreement by which the Trustee will repurchase such securities on or before a specified date and for a specified amount; provided, that the repurchase agreements and reverse repurchase agreements described in this clause (viii) must be with a primary dealer qualified by the National Association of Securities Dealers of Federal Securities and rated A/A, or better, by S&P or Moody's, or of any securities authorized hereunder with financial institutions insured by the Federal Deposit Insurance Corporation; and provided:

(a) The fair market value of the collateral securing such repurchase or reverse repurchase agreements, as determined at least once in every fourteen (14) days, exceeds the principal amount of the repurchase or reverse repurchase agreement plus accrued interest and such repurchase or reverse repurchase agreements are over-collateralized according to the guidelines of S&P;

(b) the Trustee or a third party acting solely as agent for the Trustee has possession of the underlying securities;

(c) the Trustee has a perfected security interest in the collateral which collateral is free and clear of third party liens; and

(d) in the event that the collateral falls below the requisite level, the Trustee shall so notify the Corporation and the City, and the City shall instruct the Trustee to (1) liquidate the investment and (2) reinvest the proceeds in other Permitted Investments;

(ix) Mortgage securities purchased under an agreement to resell pursuant to subdivision (vii); provided that the mortgage securities are eligible investments under subdivision (a) or (b) of Section 13000 of the California Financial Code or any successor state law, which are rated A or higher by Moody's and S&P as to long term instruments and rated in the highest rating category by Moody's and S&P as to short term instruments; provided that any investment in a mortgage security shall not exceed 95% of the mortgage security's fair market value;

(x) Medium-term corporate notes of a maximum of five years maturity issued by corporations operating within the United States rated A or higher by Moody's and S&P as to long term instruments and rated in the highest rating category by Moody's and S&P as to short term instruments;

(xi) Shares of beneficial interest issued by diversified management companies, as defined in Section 23701m of the California Revenue and Taxation Code or any successor statute,

which are rated A or higher by Moody's and S&P as to long term instruments and rated in the highest rating category by Moody's and S&P as to short term instruments, investing in the securities and obligations as authorized by clauses (i) to (x), inclusive, of this definition and which comply with the investment and deposit restrictions of Articles 1 and 2 of Chapter 4 of Title 5 of the California Government Code (commencing with Section 53630 or any successor statute); provided that to be eligible for investment pursuant to this subdivision, these companies shall either: (a) attain the highest ranking or the highest letter and numerical rating provided by S&P, and (b) have an investment adviser registered with the Securities and Exchange Commission with not less than five years experience investing in the securities and obligations as authorized by clauses (i) to (x), inclusive, of this definition and with assets under management in excess of five hundred million dollars (\$500,000,000). The purchase price of shares of beneficial interest purchased pursuant to this subdivision shall not include any commission that these companies may charge;

(xii) Investment agreements which are with investment institutions having long-term obligations which are rated A or higher by Moody's and S&P as to long term instruments and rated in the highest rating category by Moody's and S&P as to short term instruments and which are approved by S&P; provided that if such rating falls below the two highest rating categories, the investment agreement shall require the Trustee to replace such financial institution or shall provide for the invested securities to be fully collateralized by investments described in clause (i) above and, if so collateralized, the Trustee shall have a perfected first security lien on the collateral and such collateral shall be held by the Trustee or its agent;

(xiii) Taxable government money market portfolios restricted to obligations with maturities of two years or less or guaranteed as to payment of principal and interest by the full faith and credit of the United States rated not less than "AAAm-G" by S&P;

(xiv) An interest or participation in a pool of investments established by the Local Agency for the investment of monies of the Local Agency; and

(xv) The Local Agency Investment Fund managed by the office of the Treasurer of the State of California.

"Predefault Obligations" means (i) the respective obligations of the respective Local Agencies to the Credit Provider under the Credit Agreement and, if applicable, to the Reserve Credit Provider under the Reserve Credit Agreement, (ii) all indemnification to the Credit Provider and, if applicable, to the Reserve Credit Provider by the respective Local Agencies, (iii) all other amounts due to the Credit Provider and, if applicable, to the Reserve Credit Provider by the respective Local Agencies under the Credit Agreement and the Reserve Credit Agreement, as applicable (including interest on overdue Predefault Obligations to the extent permitted by law), and (iv) all fees and expenses of the Reserve Trustee and, if applicable, the Reserve Credit Provider under the Reserve Indenture and the Reserve Credit Agreement, as applicable, to the extent they are not Costs of Issuance, in each case becoming due prior to an Event of Default under the respective Note Resolutions.

"Principal Fund" means the fund by that name established in Section 3.02.

"Principal Office of the Credit Provider" means a United States office of the Credit Provider to or from which draws under, claims or payments pursuant to or from the Credit Instrument are to be made, which, for the initial Credit Provider, is located in \_\_\_\_\_, California.

**"Principal Office of the Trustee"** means the principal corporate trust office of the Trustee, which, for the Trustee initially appointed hereunder, is located in San Francisco, California.

**"Principal Payment Date"** means the date on which principal on the Bonds becomes due and payable, being the Maturity Date.

**"Proceeds Fund"** means the fund by that name established in Section 3.02.

**"Proceeds Subaccounts"** means the Proceeds Subaccounts created in the Proceeds Fund under Section 3.03(b).

**"Program"** means the California Cash Flow Financing Program pursuant to which the Bonds are issued to assist Local Agencies in financing cash flow deficits.

**"Purchase Agreement"** means, collectively, those certain Purchase Agreements by and between the respective Local Agencies and the Authority relating to the Notes.

**"Purchase Contract"** means that certain Purchase Contract between the Authority and the Purchaser dated as of \_\_\_\_\_, 1993 and relating to the purchase of the Bonds by the Purchaser.

**"Purchaser"** means Sutro & Co. Incorporated as underwriter and purchaser of the Bonds under and pursuant to the Purchase Contract.

**"Reimbursement Obligations"** means (i) the respective obligations of the respective Local Agencies under the Credit Agreement and, if applicable, the Reserve Credit Agreement, including, without limitation, obligations evidenced by Defaulted Notes and Defaulted Reserve Notes, if applicable, (ii) all indemnification to the Credit Provider and, if applicable, the Reserve Credit Provider by the respective Local Agencies, (iii) all other amounts at any time due to the Credit Provider and, if applicable, the Reserve Credit Provider by the respective Local Agencies under the Credit Agreement and, if applicable, the Reserve Credit Agreement (including any Predefault Obligations and interest on any overdue Reimbursement Obligations to the extent permitted by law), and (iv) all fees and expenses of the Reserve Trustee and, if applicable, the Reserve Credit Provider under the Reserve Indenture or the Reserve Credit Agreement, as applicable, exclusive of Costs of Issuance in each case becoming due as a result of or after an Event of Default under the respective Note Resolutions.

**"Reserve Bond Owners"** means the registered owners of any outstanding Reserve Bonds.

**"Reserve Bonds"** means the California Statewide Communities Development Authority 1993 Reserve Bonds Series \_\_\_ issued by the Authority pursuant to the Reserve Indenture.

**"Reserve Credit Agreement"** means the agreement designated as credit agreement under the terms of the Reserve Indenture.

**"Reserve Credit Instrument"** means the instrument designated as credit instrument under the terms of the Reserve Indenture.

**"Reserve Credit Provider"** means the entity designated as credit provider under the terms of the Reserve Indenture.

**"Reserve Fund"** means the fund by that name held by the Reserve Trustee under the Reserve Indenture.

**"Reserve Indenture"** means that certain indenture dated as of May 1, 1993, by and between the Reserve Trustee and the Authority, providing for the issuance of the Reserve Bonds as originally executed and entered into and as it may from time to time be amended or supplemented in accordance therewith.

**"Reserve Principal Payment Date"** means the principal payment date of the Reserve Bonds as defined in the Reserve Indenture.

**"Reserve Trustee"** means U.S. Trust Company of California, N.A., a national banking association duly organized and existing under and by virtue of the laws of the United States of America, at its principal corporate trust office in Los Angeles, California, or other bank or trust company at its principal corporate trust office which may at any time be substituted in its place, as trustee under the Reserve Indenture.

**"Secured Percentage"** means, with respect to any Credit Instrument and the Notes to which it applies, an amount (i) equal to 100%, if the size of the Credit Instrument is greater than or equal to the aggregate amount of principal of and interest on unpaid Notes (or unpaid portions thereof) or (ii) equal to the amount of the Credit Instrument divided by the aggregate amount of unpaid principal of and interest on Notes (or unpaid portions thereof), expressed as a percentage, if the size of the Credit Instrument is less than the aggregate amount of unpaid principal of and interest on Notes (or unpaid portions thereof) as of the Maturity Date.

**"Secured Reserve Percentage"** shall have the meaning ascribed to the term "Secured Percentage" under the Reserve Indenture.

**"Trustee"** means U.S. Trust Company of California, N.A., a national banking association duly organized and existing under and by virtue of the laws of the United States of America, at its principal corporate trust office in Los Angeles, California, or any other bank or trust company at its principal corporate trust office which may at any time be substituted in its place, as trustee under the Indenture.

**SECTION 1.02. Equal Security.** In consideration of the acceptance of the Bonds by the Owners and the issuance of the Credit Instrument by the Credit Provider as indicated on Schedule I, this Indenture shall be deemed to be and shall constitute a contract among the Trustee, the Authority, the Credit Provider and the Owners to secure the full and final payment of the interest on and principal of the Bonds, all Predefault Obligations and all Reimbursement Obligations, subject to the agreements, conditions, covenants and terms contained herein; and all agreements, conditions, covenants and terms contained herein required to be observed or performed by or on behalf of the Trustee shall be for the equal and proportionate benefit, protection and security of all Owners without distinction, preference or priority as to benefit, protection or security of any Bonds over any other Bonds by reason of the number or date thereof or the time of execution or delivery thereof or otherwise for any cause whatsoever, and for the benefit of the Credit Provider except as expressly provided herein or therein.

## ARTICLE II

### CONDITIONS AND TERMS OF BONDS

SECTION 2.01. Initial Issuance of Bonds. The Bonds to be issued under this Indenture are hereby created and such Bonds are designated as the California Statewide Communities Development Authority 1993 Pool Bonds, Series \_\_. The aggregate principal amount of Bonds which may be issued and outstanding under this Indenture shall not exceed \_\_\_\_\_ dollars (\$\_\_\_\_\_), exclusive of Bonds executed and authenticated as provided in Section 2.09. The Trustee is hereby authorized and directed to authenticate the Bonds in the aggregate principal amount of \_\_\_\_\_ dollars (\$\_\_\_\_\_). The Bonds shall be initially delivered in the form of one Bond per maturity and shall be registered in the name of "Cede & Co.," as nominee of The Depository Trust Company.

SECTION 2.02. Denominations, Medium, Method and Place of Payment and Dating of Bonds. (a) The Bonds shall be prepared in the form of fully registered Bonds in denominations of five thousand dollars (\$5,000) or any integral multiple thereof. The interest on and principal of the Bonds shall be payable in lawful money of the United States of America. The Trustee may treat the Owner of any Bond as the absolute owner of such Bond for all purposes, whether or not such Bond shall be overdue, and the Trustee shall not be affected by any knowledge or notice to the contrary; and payment of the interest on and principal of such Bond shall be made only to such Owner as above provided, which payments shall be valid and effectual to satisfy and discharge the liability on such Bond to the extent of the sum or sums so paid. All Bonds paid pursuant to the provisions of this section shall be cancelled and destroyed by the Trustee and shall not be redelivered and a certificate of destruction shall be delivered to the Authority and Credit Provider.

The Bonds shall be dated the date of initial issuance.

SECTION 2.03. Terms of the Bonds. Each Bond shall mature on the Maturity Date, shall bear interest at the Note Rate payable on the Interest Payment Date, and have principal payable on the Principal Payment Date, upon surrender of the Bond by the Owner thereof, at the Principal Office of the Trustee.

The interest payable on the Notes and on the Bonds shall be computed on the basis of a 360-day year of twelve 30-day months.

The Bonds shall not be subject to prepayment or redemption prior to the Maturity Date.

SECTION 2.04. Form of Bonds. The Bonds and the form of assignment to appear thereon shall be in substantially the forms in Exhibit A hereto, with appropriate or necessary insertions, omissions and variations as permitted or required thereby or hereby. The Bonds may be prepared in typewritten, lithographed or printed form.

SECTION 2.05. Execution of Bonds. The Bonds shall be executed by the Chair of the Authority and attested by the Secretary of the Authority by manual or facsimile signature and shall be authenticated by the Trustee by the manual signature of an authorized officer of the Trustee. The Bonds need not bear the seal of the Authority, if any.

SECTION 2.06. Transfer and Exchange of Bonds. All Bonds are transferable or exchangeable by the Owner thereof, in person or by his attorney duly authorized in writing, at the Principal Office of the Trustee in the books required to be kept by the Trustee pursuant to the provisions of Section 2.07, upon surrender of such Bonds accompanied by delivery of a duly executed written instrument of transfer or exchange in a form approved by the Trustee. Whenever any Bond or Bonds shall be surrendered for transfer or exchange, the Trustee shall execute and deliver a new Bond or Bonds of authorized denominations representing the same aggregate principal amount, except that the Trustee shall require the payment by any Owner requesting such transfer or exchange of any tax or other governmental charge required to be paid with respect to such transfer or exchange. All Bonds surrendered pursuant to the provisions of this section shall be cancelled by the Trustee and shall not be redelivered.

SECTION 2.07. Bond Registration Books. The Trustee will keep at its Principal Office sufficient books for the registration of the ownership, transfer or exchange of the Bonds, which books shall be available for inspection by the Authority, the Credit Provider, the Local Agencies or any Owner or his agent duly authorized in writing at reasonable hours and under reasonable conditions during regular business hours; and upon presentation for such purpose the Trustee shall, under such reasonable regulations as it may prescribe, register the ownership, transfer or exchange of the Bonds in such books as hereinabove provided. The ownership of any Bonds may be proved by the books required to be kept by the Trustee pursuant to the provisions of this section.

SECTION 2.08. Temporary Bonds. The Bonds may be initially delivered in temporary form exchangeable for definitive Bonds when ready for delivery, which temporary Bonds shall be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Trustee, shall be in fully registered form and shall contain such reference to any of the provisions hereof as may be appropriate. Every temporary Bond shall be executed and delivered by the Trustee upon the same conditions and terms and in substantially the same manner as definitive Bonds. If the Trustee executes and delivers temporary Bonds, it will prepare and execute definitive Bonds without delay, and in that case, upon demand of the Owner of any temporary Bonds, such definitive Bonds shall be exchanged without cost to such Owner for temporary Bonds at the Principal Office of the Trustee upon surrender of such temporary Bonds, and until so exchanged such temporary Bonds shall be entitled to the same benefit, protection and security hereunder as the definitive Bonds executed and delivered hereunder. All temporary Bonds surrendered pursuant to the provisions of this section shall be cancelled by the Trustee and shall not be redelivered.

SECTION 2.09. Bonds Mutilated, Destroyed, Lost or Stolen. If any Bond shall become mutilated, the Trustee shall execute and deliver a new Bond of like tenor in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated, and every mutilated Bond so surrendered to the Trustee shall be cancelled by it. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee, and if such evidence is satisfactory to the Trustee and indemnity satisfactory to the Trustee shall be given, the Trustee shall authenticate and deliver a new Bond of like tenor and principal amount in lieu of and in substitution for the destroyed, lost or stolen Bond. The Trustee may require payment of a sum not exceeding the actual cost of preparing each new Bond authenticated and delivered by it under this Section and of the expenses which may be incurred by it under this Section. Any replacement Bond executed and delivered under the provisions of this Section in lieu of and in substitution for any mutilated, destroyed, lost or stolen Bond shall be equally and proportionately entitled to the benefit, protection and security hereof with all other Bonds executed and delivered hereunder; and the Trustee shall not be required to treat both the original Bond and any replacement Bond as being Outstanding for the purpose



of determining the principal amount of Bonds which may be executed and delivered hereunder or for the purpose of determining any percentage of Bonds Outstanding hereunder, but both the original and the replacement Bond shall be treated as one and the same. Notwithstanding any other provisions of this Section, rather than executing and delivering a new Bond for a mutilated, destroyed, lost or stolen Bond the Principal Payment Date of which has occurred or is about to occur, the Trustee may make payment of the principal evidenced and represented by such mutilated, destroyed, lost or stolen Bond directly to the Owner thereof under such regulations as the Trustee may prescribe.

**SECTION 2.10. Special Covenants as to Book-Entry Only System.**

(a) Except as otherwise provided in subsections (b) and (c) of this Section 2.10, the Bonds initially executed and delivered hereunder shall be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), or such other nominee as DTC may request. Payment of the principal of and interest on each Bond registered in the name of Cede & Co. shall be made to the account, in the manner and at the address indicated in or pursuant to the Representation Letter delivered to DTC by the Authority.

(b) The Bonds executed and delivered hereunder shall be in the form of a single authenticated fully registered bond for each maturity. Upon initial execution of the Bonds, the ownership of all such Bonds shall be registered in the registration records maintained by the Trustee pursuant to Section 2.07 in the name of Cede & Co., as nominee of DTC, or such other nominee as DTC may request. The Trustee, the Authority and the Local Agencies may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purposes of payment of the principal of and interest on such Bonds, selecting any Bonds or portions thereof to be prepaid, giving any notice permitted or required to be given to an Owner under the Indenture, registering the transfer of Bonds, obtaining any consent or other action to be taken by the Owners and for all other purposes whatsoever; and neither the Trustee, the Authority nor the Local Agencies shall be affected by any notice to the contrary. Neither the Trustee nor the Local Agencies shall have any responsibility or obligation to any Participant (which shall mean, for purposes of this Section 2.10, securities brokers and dealers, banks, trust companies, clearing corporations and other entities, some of whom directly or indirectly own DTC), any person claiming a beneficial ownership interest in the Bonds under or through DTC or any Participant, or any other person which is not shown on the registration records as being an Owner, with respect to (i) the accuracy of any records maintained by DTC or any Participant, (ii) the payment by DTC or any Participant of any amount in respect of the principal or interest represented by such Bonds, (iii) any notice which is permitted or required to be given to the Owners under the Indenture, (iv) the selection by DTC or any Participant of any person to receive payment in the event, if any, of a partial prepayment of the Bonds, or (v) any consent given or other action taken by DTC as Owner. The Trustee shall pay all principal of and premium, if any, and interest on the Bonds only at the times, to the accounts, at the addresses and otherwise in accordance with the Representation Letter. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of its then existing nominee, the Bonds will be transferable to such new nominee in accordance with subsection (f) of this Section 2.10.

(c) In the event that the Authority determines that it is in the best interests of the beneficial owners of the Bonds that they be able to obtain bonds, the Trustee shall, upon the written instruction of the Authority, so notify DTC, whereupon DTC shall notify the Participants of the availability through DTC of Bonds. In such event, the Bonds will be transferable in accordance with subsection (f) of this Section 2.10. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving written notice of such discontinuance to the Local Agencies, the

Authority or the Trustee and discharging its responsibilities with respect thereto under applicable law. In such event, the Bonds will be transferable in accordance with subsection (f) of this Section 2.10. Whenever DTC requests the Local Agencies, the Authority or the Trustee to do so, the Trustee, the Authority and the Local Agencies will cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of all bonds evidencing the Bonds then Outstanding. In such event, the Bonds will be transferable to such securities depository in accordance with subsection (f) of this Section 2.10, and thereafter, all reference in this Indenture to DTC or its nominee shall be deemed to refer to such successor securities depository and its nominee, as appropriate.

(d) Notwithstanding any other provision of this Indenture to the contrary, so long as all Bonds Outstanding are registered in the name of any nominee of DTC, all payments with respect to the principal and interest represented by each such Bond and all notices with respect to each such Bond shall be made and given, respectively, to DTC as provided in the Representation Letter.

(e) The Authority shall execute and deliver the Representation Letter and, in connection with any successor nominee for DTC and any successor depository, enter into comparable arrangements, and shall have the same rights with respect to its actions thereunder as it has with respect to its actions under this Indenture.

(f) In the event that any transfer or exchange of Bonds is authorized under subsection (b) or (c) of this Section 2.10, such transfer or exchange shall be accomplished upon receipt by the Trustee from the registered owner thereof of the Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee, all in accordance with the applicable provisions of Section 2.06. In the event bonds are issued to holders other than Cede & Co., its successor as nominee for DTC as holder of all the Bonds, another securities depository as holder of all the Bonds, or the nominee of such successor securities depository, the provisions of Sections 2.02, 2.03 and 2.06 shall also apply to, among other things, the registration, exchange and transfer of the Bonds and the method of payment of principal of, premium, if any, and interest on the Bonds.

### ARTICLE III

#### PROCEEDS OF BONDS

SECTION 3.01. Delivery of Bonds. The Trustee is hereby authorized to authenticate and deliver the Bonds to the Purchaser pursuant to the Purchase Contract upon receipt of a written request of the Authority, the Notes and the proceeds of sale of the Bonds.

SECTION 3.02. Establishment of Funds and Deposit of Proceeds of Bonds. The Trustee hereby agrees to establish and maintain hereunder, in trust, the Costs of Issuance Fund, the Proceeds Fund and the Proceeds Subaccounts therein, the Bond Payment Fund, the Interest Fund, the Principal Fund and the Credit Fund. The proceeds received from the sale of the Bonds are to be deposited in the following funds in the following amounts:

Costs of Issuance Fund \$ \_\_\_\_\_

Proceeds Fund \$ \_\_\_\_\_

**SECTION 3.03. Use of Money in the Costs of Issuance Fund and the Proceeds Fund.**

(a) The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee, to pay the Costs of Issuance upon receipt of (i) a request of the Executive Director of the Authority, which shall be sequentially numbered, stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund and (ii) an original invoice or invoices or evidence of the Purchaser's payment of an invoice when such requisition is in reimbursement thereof. On February 1, 1994 or on such earlier date upon Request of the Executive Director of the Authority, amounts, if any, remaining in the Costs of Issuance Fund (and not required to pay identified Costs of Issuance, including any additional fees or expenses of the Credit Provider or the Trustee, or any identified Predefault Obligations and Reimbursement Obligations) shall be transferred to the Proceeds Fund and credited to the Proceeds Subaccounts therein in proportion to the amounts initially deposited in the Costs of Issuance Fund attributable to each Local Agency.

(b) All money in the Proceeds Fund shall be held by the Trustee in trust. Funds in the Proceeds Fund shall be credited to subaccounts of that Fund (the "Proceeds Subaccounts"), one of which shall be established for each of the Local Agencies, initially in amounts set forth in Schedule II, attached hereto and made a part hereof. Moneys in the Proceeds Subaccount of each Local Agency shall be disbursed to that Local Agency from time to time, as soon as practical, pursuant to a Requisition of the Local Agency in substantially the form set forth as Exhibit B hereto, submitted in advance of the requested payment date (by facsimile, hand delivery or mail), for any purpose for which the Local Agency is authorized to use and expend moneys.

**ARTICLE IV**

**TRUSTEE'S DUTIES REGARDING NOTES**

**SECTION 4.01. Authenticating Agent.** The Trustee shall be the authenticating agent for the Local Agencies in connection with the issuance of Notes under the Note Resolutions.

**SECTION 4.02. Registrar and Paying Agent.** The Trustee shall be the registrar and paying agent for the Notes. As long as any Notes are outstanding under the applicable Note Resolution, each Local Agency shall maintain and keep at the Principal Office of the Trustee an office or agency for the payment of principal and interest on the Notes and for the registration and transfer of the Notes.

**SECTION 4.03. Return of Paid Notes.** Each Note, when paid in full (including by reimbursement to the Credit Provider as provided in Section 5.03), shall be cancelled by the Trustee and returned to the Local Agency that issued such Note.

**ARTICLE V**

**NOTE PAYMENTS**

**SECTION 5.01. Assignment of Notes.** The Notes and all right, title and interest of the Authority therein and to all payments thereon, are hereby irrevocably assigned and pledged and transferred to the Trustee for the benefit of the Owners of the Bonds and the Credit Provider and the

Reserve Credit Provider (if any) and the payments on the Notes shall be used for the punctual payment of the interest on and principal of the Bonds or the reimbursement of drawings under or payments made pursuant to or from the Credit Instrument and the Reserve Credit Instrument (if any), and the Notes shall not be used for any other purpose while any of the Bonds remain Outstanding. This assignment, transfer and pledge shall constitute a first and exclusive lien on the principal and interest payments of and all other rights under the Notes for the foregoing purpose in accordance with the terms hereof. Each Local Agency has approved, and the Trustee hereby accepts, such assignment of the Notes.

All principal and interest payments on the Notes shall be paid directly by the Local Agencies to the Trustee. All principal and interest payments on the Notes received by the Trustee shall be held in trust by the Trustee under the terms hereof and shall be deposited by it, as and when received, in the Bond Payment Fund, which fund the Trustee hereby agrees to maintain so long as any Bonds are Outstanding, and all money in such fund shall be held in trust by the Trustee for the benefit and security of the Owners and the Credit Provider to the extent provided herein. If the Trustee receives Note repayments from a Local Agency which, together with other amounts on deposit in the Bond Payment Fund allocable to such Local Agency, are in excess of the amounts required to pay the principal of and interest due on such Local Agency's Note on the Principal Payment Date, such excess amounts shall remain in the Bond Payment Fund and shall be transferred to such Local Agency following payment of the amount of Bonds corresponding to such Local Agency's Note and reimbursement of the Credit Provider for drawings, if any, under or payments pursuant to or from the Credit Instrument and payment to such Credit Provider of any Reimbursement Obligations and Predefault Obligations applicable to such Local Agency. To the extent the Trustee receives Note repayments from a Local Agency that are less than the amounts required to pay the principal of and interest due on such Local Agency's Note on the Principal Payment Date, the Trustee shall apply the moneys received in the priority set forth in Section 8(A)(3) of the Note Resolution.

Moneys received by the Trustee attributable to a local agency shall not be used in any manner (directly or indirectly) to make up any deficiency in any other Local Agency's Note repayments.

**SECTION 5.02. Deposit of Money in the Bond Payment Fund.** The Trustee shall deposit the money contained in the Bond Payment Fund at the following respective times in the following respective funds in the manner hereinafter provided, each of which funds the Trustee hereby agrees to maintain so long as any Bonds are Outstanding, and the money in each of such funds shall be disbursed only for the purposes and uses hereinafter authorized (subject to Section 5.03):

(a) **Interest Fund.** The Trustee, on the Interest Payment Date, shall deposit in the Interest Fund that amount of money representing the interest becoming due and payable on the Notes on such Interest Payment Date. All money in the Interest Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds on the Interest Payment Date.

(b) **Principal Fund.** The Trustee, on the Principal Payment Date, shall deposit in the Principal Fund that amount of money representing the principal becoming due and payable on the Notes on such Principal Payment Date. All moneys in the Principal Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds on the Principal Payment Date.

SECTION 5.03. Draws under or Payments Pursuant to or in Connection With Credit Instrument; Payment of Principal and Interest.

(A) Provisions Applicable to a Letter of Credit or Insurance Policy as Credit Instrument.

The other provisions of this Article V notwithstanding, the Trustee shall, in accordance with the second sentence hereof, draw upon or request payment under the Credit Instrument by the times required therein and in accordance with the terms thereof, at such time and in sufficient amounts to make timely payment of the interest on and principal of the Bonds (up to the amount covered by such Credit Instrument). The Trustee shall draw upon and request payment pursuant to the Credit Instrument on the Principal Payment Date if the amounts in the Principal Fund and the Interest Fund are insufficient to pay the full amount of the principal of and interest on the Bonds. Except as otherwise explicitly provided in the Credit Instrument (and subject to the next paragraph of this Section), each Bond shall be paid first from all available moneys in the Interest Fund and Principal Fund and, to the extent of any deficiency therein, second, from moneys drawn under or paid pursuant to the [Reserve Indenture up to the full amount available therefor in the Reserve Fund, and third, from moneys drawn under or paid pursuant to the] Credit Instrument up to the maximum amount of the Credit Instrument. To the extent the maximum amount of the Credit Instrument is insufficient therefor, moneys drawn under or paid pursuant to the Credit Instrument shall be used to pay each Bond pro rata, and allocated to each Note pro rata in accordance with the unpaid principal thereof and interest thereon, and shall be applied to pay, and allocated to, interest first and then principal. Pending application as aforesaid, moneys drawn under or paid pursuant to the Credit Instrument shall be deposited in a special fund designated the "Credit Fund," which shall be maintained by the Trustee and held in trust apart from all other moneys and securities held under this Indenture or otherwise, and over which the Trustee shall have the exclusive and sole right of withdrawal for the exclusive benefit of the Owners of the Bonds. Moneys in the Credit Fund shall be held in cash or invested in Permitted Investments described in clause (1) of the definition thereof in Section 1.01 hereof which mature not later than the date on which it is estimated that such moneys will be required to pay the Bonds (but in any event maturing in not more than thirty days).

If the amount available under the Credit Instrument is equal to 100% of the principal of and all interest on the Bonds, notwithstanding anything to the contrary contained in this Section or this Article, if the Credit Provider honors a drawing or payment request made pursuant to this Section on the Credit Instrument to pay such principal and interest on the Maturity Date or resulting from deficiency in the payment of principal of or interest on a Note or Notes in order to pay principal of or interest due on the Bonds on such date, moneys so drawn or paid under the Credit Instrument shall be credited to the Credit Fund and applied to the payment of such principal and interest as provided in the preceding paragraph of this Section, except that, moneys, if any, on deposit in the Principal Fund and Interest Fund that would have been applied to pay such principal or interest absent this Section and such drawing or payment on the Credit Instrument shall be applied by the Trustee to reimburse the Credit Provider by wire transfer as soon as possible and, in any case, prior to 1:00 p.m., Los Angeles time, on the day such drawing or payment request is honored, in the amount of such payment or disbursement by the Credit Provider honoring such drawing or payment request. Any moneys at any time on deposit in the Bond Payment Fund allocable to a Local Agency in excess of the amounts required to be deposited therein on the Interest Payment Date and the Principal Payment Date pursuant to Section 5.02 shall be applied by the Trustee to the payment of any of such Local Agency's Predefault Obligations specified by the Credit Provider in writing to the Trustee.

In the event of default by any Local Agency in the payment of any of the principal of or interest on its Note on the date of maturity thereof, upon payment by the Credit Provider of a drawing

or payment request under the Credit Instrument with respect to the payment of such principal or interest, the Credit Provider shall be deemed to have purchased the Secured Percentage of such Note, the Credit Provider will succeed and be subrogated to the rights of the Owners of the Bonds with respect to the Secured Percentage of such Note, and the Trustee shall hold such Note for the benefit of the Credit Provider (in the Secured Percentage) and also for the benefit of the Bond Owners (to the extent the Secured Percentage of the Credit Instrument [plus the Secured Percentage of the Reserve Fund pursuant to subsection (B) of this Section if any] is less than 100%) in accordance with the provisions of the Credit Agreement and the Credit Instrument. Any Note described in the preceding sentence shall be a Defaulted Note and the unpaid portion thereof shall be deemed outstanding and shall not be deemed paid until all amounts due to the Credit Provider [and the Reserve Credit Provider] thereon (as provided therein and in the Credit Agreement [and in the Reserve Credit Agreement]) and to the Bond Owners with respect to the unsecured portion thereof have been paid in full, including interest accrued thereon as provided therein and in the Credit Agreement. The interest on the unpaid portion of a Defaulted Note (or the portion thereof with respect to which a Credit Instrument applies for which no reimbursement on a draw or payment thereunder has been made) shall be payable at the Default Rate and upon demand and shall be computed on the basis of a 360-day year, actual number of days elapsed; provided that, no interest shall accrue on the portion of a Defaulted Note which is paid with a drawing on or payment pursuant to the Credit Instrument to the extent such portion of a Defaulted Note is paid (and reimbursement is made to the Credit Provider with respect to the drawing on or payment pursuant to the Credit Instrument by 1:00 p.m., Los Angeles time, on the date of such draw or payment). Upon payment in full of a Note, and reimbursement to the Credit Provider with respect to the drawing under or payment pursuant to the Credit Instrument with respect to such Note and payment of all Predefault Obligations and Reimbursement Obligations due and owing such Credit Provider [and Reserve Credit Provider] with respect to such Note, from amounts available in the Principal Fund or Interest Fund or otherwise, the Trustee shall, with the consent of the Credit Provider [and Reserve Credit Provider], cancel such Note and surrender it to the Local Agency that issued it; provided that, each Note shall be deemed outstanding and shall not be cancelled by the Trustee until (i) the Bond Owners have been paid in full with respect to such Note, and (ii) the Credit Provider [and Reserve Credit Provider] [has] been so reimbursed for the drawings or payments made under the Credit Instrument [and the Reserve Credit Instrument, respectively] with respect to such Note and all Predefault Obligations and Reimbursement Obligations due and owing such Credit Provider [and Reserve Credit Provider] with respect to such Notes have been paid.

(B) Provisions Applicable to Reserve Fund as Credit Instrument.

(i) The other provisions of this Article V notwithstanding, the Trustee shall request payment, in accordance with the second sentence hereof, from the Reserve Trustee by 10:00 a.m. Los Angeles time on the Principal Payment Date by filing with the Reserve Trustee a draw request in the form of Exhibit B to the Reserve Indenture in sufficient amount (up to the full amount available therefor in the Reserve Fund) to make timely payment of the interest on and principal of the Bonds. The Trustee shall request payment from the Reserve Trustee on the Principal Payment Date if the amounts in the Principal Fund and the Interest Fund are insufficient to pay the full amount of the principal of and interest on the Bonds. Except as otherwise explicitly provided in the Reserve Indenture, each Bond shall be paid first from all available moneys in the Interest Fund and Principal Fund and, to the extent of any deficiency therein, second, from moneys drawn under or paid pursuant to the Reserve Indenture up to the full amount available therefor in the Reserve Fund, [and third, from moneys drawn under or paid pursuant to a Letter of Credit or Insurance Policy (if any).] To the extent the maximum amount of moneys available in the Reserve Fund is insufficient therefor, moneys drawn under or paid pursuant to the Reserve Indenture shall be used to pay each Bond pro rata, and allocated to each Note pro rata in accordance with the unpaid principal thereof and interest thereon, and shall be applied to pay, and

allocated to, interest first and then principal. Pending application as aforesaid, moneys drawn under or paid pursuant to the Reserve Indenture shall be deposited in the Credit Fund.

In the event of default by any Local Agency in the payment of any of the principal of or interest on its Note on the date of maturity thereof, upon payment by the Reserve Trustee of a Drawing with respect to the payment of such principal or interest, the Reserve Trustee shall be deemed to have purchased the Secured Percentage of such Note, the Reserve Trustee will succeed and be subrogated to the rights of the Owners of the Bonds with respect to the Secured Percentage of such Note, and the Trustee shall hold such Note for the benefit of the Reserve Trustee (in the Secured Percentage) and also for the benefit of the Bond Owners (to the extent the Secured Percentage of the Reserve Trustee [plus any Secured Percentage of any other Credit Provider] is less than 100%) in accordance with the provisions of this Indenture and the Reserve Indenture. Any Note described in the preceding sentence shall be a Defaulted Note and the unpaid portion thereof shall be deemed outstanding and shall not be deemed paid until all amounts due to the Credit Provider thereon and to the Bond Owners with respect to the unsecured portion thereof have been paid in full, including interest accrued thereon. In the event a Drawing remains unreimbursed by the applicable Local Agency by the Reserve Principal Payment Date, upon payment by the Reserve Credit Provider of a drawing or payment request under the Reserve Credit Instrument with respect to payment of the principal of and/or interest on the Reserve Bonds, the Reserve Credit Provider shall be deemed to have purchased the Secured Reserve Percentage of such Note, the Reserve Credit Provider will succeed and be subrogated to the rights of the Owners of the Bonds, owners of the Reserve Bonds and the Reserve Trustee with respect to the Secured Reserve Percentage of such Note, and the Trustee shall hold such Note for the benefit of the Reserve Credit Provider (in the Secured Reserve Percentage) and also for the benefit of the Bond Owners (to the extent the Secured Reserve Percentage was less than 100% and such Owners have not theretofore been paid in full with respect to such Note) in accordance with the Reserve Credit Agreement and the Reserve Credit Instrument. Any Note described in the preceding sentence shall be a Defaulted Reserve Note and the unpaid portion thereof shall be deemed outstanding and shall not be deemed paid until any and all amounts due to the Reserve Credit Provider (as provided therein and in the Reserve Credit Agreement) and to the Bond Owners with respect to the unsecured portion thereof have been paid in full, including interest accrued thereon as provided therein, herein and in the Reserve Credit Agreement.

The interest on (i) the unpaid portion of a Defaulted Note (or the portion thereof with respect to which Reserve Bonds applies for which no reimbursement on a claim has been made) or (ii) the unpaid portion of a Defaulted Reserve Note shall, in each case, be payable at the Default Rate upon demand which shall be computed on the basis of a 360-day year, actual number of days elapsed; provided that no interest shall accrue on the portion of a Defaulted Reserve Note which is paid with a drawing on or payment pursuant to the Reserve Credit Instrument to the extent such portion of a Defaulted Reserve Note is paid (and reimbursement is made to the Reserve Credit Provider with respect to the drawing on or payment pursuant to the Reserve Credit Instrument by the time stated in Section 5.03 of the Reserve Indenture). Upon payment in full of a Note, and reimbursement to the Reserve Trustee (or, if applicable, the Reserve Credit Provider) with respect to the drawing under or payment pursuant to the terms of this Section 5.03(B) and the Reserve Indenture with respect to such Note and payment of all Predefault Obligations and Reimbursement Obligations due and owing the Credit Provider (and, if applicable, the Reserve Credit Provider), from amounts available in the Principal Fund or Interest Fund or otherwise, the Trustee shall, with the consent of the Reserve Trustee (and, if applicable, the Reserve Credit Provider), with respect to such Note, cancel such Note and surrender it to the Local Agency that issued it; provided that each Note shall be deemed outstanding and shall not be cancelled by the Trustee until (i) the Bondholders have been paid in full with respect to such Note, and (ii) the Credit Provider has been so reimbursed for the payment made under the terms of this Section 5.03(B) and the Reserve Indenture.

(and, if applicable, the Reserve Credit Provider has been reimbursed for the payment made under the terms of Section 5.03 of the Reserve Indenture) with respect to such Note and all Predefault Obligations and Reimbursement Obligations due and owing the Reserve Trustee (and, if applicable, the Reserve Credit Provider), with respect to such Note have been paid.

(ii) The Trustee acknowledges and agrees to undertake the duties applicable to it under the terms of Sections 3.03 and 5.03 of the Reserve Indenture which are hereby incorporated by reference as though fully set forth herein.

(iii) Prior to the Reserve Principal Payment Date, the Trustee shall transfer any moneys received from Local Agencies in respect to their Predefault Obligations or Reimbursement Obligations to the Reserve Trustee for deposit by the Reserve Trustee in the Reserve Fund. After the Reserve Principal Payment Date, the Trustee shall hold any such moneys for the benefit of the Reserve Credit Provider and the Owners of the Bonds as their interests appear and as provided herein, in the Reserve Indenture and in the Reserve Credit Agreement.

**SECTION 5.04. Credit Instrument.** The Local Agencies, as indicated in Schedule I, shall (if the Credit Instrument is a letter of credit or policy of insurance) acknowledge the delivery by the Authority to the Trustee of the Credit Instrument on or prior to the date of delivery of the Bonds. The Local Agencies have authorized and acknowledged that the Authority will execute and deliver the Credit Instrument on their behalf (where applicable). The Trustee shall hold and maintain such Credit Instrument for the benefit of the Owners until the Credit Instrument terminates in accordance with its terms. The Trustee shall diligently enforce all terms, covenants and conditions of such Credit Instrument, including payment when due of any draws on or claims under the Credit Instrument, and will not consent to or agree to or permit any amendments or modifications thereof which would materially adversely affect the rights or security of the Owners. If at any time during the term of the Credit Instrument (if the Credit Instrument is a letter of credit or policy of insurance) any successor Trustee shall be appointed and qualified under this Indenture, the resigning or removed Trustee shall request that the Credit Provider transfer such Credit Instrument to the successor Trustee pursuant to the applicable provision set forth in the Credit Agreement and Section 8.02 hereof. If the resigning or removed Trustee fails to make this request, the successor Trustee shall do so before accepting appointment.

**SECTION 5.05. Investments.** Any money held by the Trustee in the Bond Payment Fund and in the Proceeds Subaccounts in the Proceeds Fund shall, to the fullest extent practicable, be invested as directed in writing by the Authority with respect to money held in the Bond Payment Fund and by the applicable Local Agency with respect to money in such Local Agency's Proceeds Subaccount, in Permitted Investments which will, as nearly as practicable, mature on or before the dates on which such money is anticipated to be needed for disbursement hereunder. In the absence of any written direction from the Authority, the Trustee shall invest any money held in the Bond Payment Fund and the Proceeds Subaccounts in Permitted Investments identified in clause (xiii) of the definition thereof which will, as nearly as practicable, mature on or before the dates on which such money is anticipated to be needed for disbursement hereunder. The amounts held in the Proceeds Subaccounts will be accounted for separately for the respective Local Agencies. The Trustee may act as principal or agent in the acquisition or disposition of any such deposit or investment and may at its sole discretion, for the purpose of any such deposit or investment, except with respect to the Credit Fund, commingle any of the money held by it hereunder. The Trustee shall not be liable or responsible for any loss suffered in connection with any such deposit or investment made by it under the terms of and in accordance with this Section. The Trustee may present for redemption or sell any such deposit or investment whenever it shall be necessary in order to provide money to meet any payment of the money so deposited or invested, and



the Trustee shall not be liable or responsible for any losses resulting from any such deposit or investment presented for redemption or sold. Any interest or profits on such deposits and investments received by the Trustee shall be credited to the fund, account or subaccount from which such investment was made.

Moneys held by the Trustee in the Costs of Issuance Fund, Principal Fund and the Interest Fund shall be invested in Permitted Investments.

Moneys in the Credit Fund shall be invested as specified in Section 5.03.

## ARTICLE VI

### COVENANTS

SECTION 6.01. Compliance with Indenture. The Trustee will not authenticate or deliver any Bonds in any manner other than in accordance with the provisions hereof; and the Authority will not suffer or permit any default to occur hereunder, but will faithfully observe and perform all the agreements, conditions, covenants and terms contained herein required to be observed and performed by it.

SECTION 6.02. Amendment of Notes. The Authority and the Trustee will not amend or permit the amendment of the Notes without the prior written consent of the applicable Credit Provider (if any) and the Reserve Credit Provider (if any) and without (a)(1) a determination that such amendment does not materially adversely affect the interest of the Owners or (2) the written consents of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, and (b) an Opinion of Counsel to the effect that such amendment will not cause interest on the Bonds to be includable in gross income for federal income tax purposes; provided that, no such amendment shall reduce the rate of interest or amount of principal or extend the time of payment thereof with respect to any Note.

SECTION 6.03. Observance of Laws and Regulations. The Authority will faithfully observe and perform all lawful and valid obligations or regulations now or hereafter imposed on it by contract, or prescribed by any state or national law, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of each and every franchise, right or privilege now owned or hereafter acquired by it, including its right to exist and carry on its business, to the extent that such observance or performance is material to the transactions contemplated hereby.

SECTION 6.04. Tax Covenants. (a) The Authority covenants that it shall not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of the interest payable on the Bonds under Section 103 of the Code. Without limiting the generality of the foregoing, the Authority covenants that it will comply with all requirements of the Tax Certificate entered into on the date the Bonds are issued, which is incorporated herein as if fully set forth herein. This covenant shall survive payment in full or defeasance of the Bonds.

(b) In the event that at any time the Authority is of the opinion that for purposes of this Section it is necessary or helpful to restrict or limit the yield on the investment of any moneys held by the Trustee under this Indenture, the Authority shall so instruct the Trustee under this Indenture in writing, and the Trustee shall take such action as may be necessary in accordance with such instructions.

(c) Notwithstanding any provisions of this Section if the Authority shall provide to the Trustee an Opinion of Counsel that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Bonds, the Trustee may conclusively rely on such opinion in complying with the requirements of this Section and of the Tax Certificate, and the covenants hereunder shall be deemed to be modified to that extent.

SECTION 6.05. Liens. So long as any Bonds are Outstanding, or any Predefault Obligation or Reimbursement Obligation is outstanding, the Authority will not create or suffer to be created any pledge of or lien on the Notes other than the pledge and lien hereof.

SECTION 6.06. Accounting Records and Statements. The Trustee shall keep proper books of record and account in accordance with trust accounting standards in which complete and correct entries shall be made of all transactions relating to the receipt, investment, disbursement, allocation and application of the Note repayments and the proceeds of the Notes and the Bonds. Such records shall specify the account or fund to which each investment (or portion thereof) held by the Trustee is to be allocated and shall set forth, in the case of each investment: (a) its purchase price; (b) identifying information, including par amount, coupon rate, and payment dates; (c) the amount received at maturity or its sale price, as the case may be; (d) the amounts and dates of any payments made with respect thereto; and (e) such documentation as is required to be obtained as evidence to establish that all investments have been purchased in arms' length transactions with no amounts paid to reduce the yield on the investments.

Such records shall be open to inspection by the Credit Provider, the Reserve Credit Provider (if any), the Authority and any Local Agency at any reasonable time during regular business hours on reasonable notice. Not later than the Principal Payment Date and upon retirement of all Bonds, the Trustee will furnish to the Credit Provider, to the Local Agencies, to the Authority and to any Owner who may so request (at the expense of such Owner) a complete statement covering the receipts, deposits and disbursements of the funds hereunder.

SECTION 6.07. Recordation and Filing. The Trustee will file, record, register, renew, refile and rerecord all such documents, including financing statements (or continuation statements in connection therewith), as may be required by law in order to maintain at all times a security interest in the Notes under and pursuant to the Indenture, all in such manner, at such times and in such places as may be required in order to fully perfect, preserve and protect the benefit, protection and security of the Owners and the Credit Provider and the rights of the Trustee hereunder, and the Trustee will do whatever else may be necessary or be reasonably required in order to perfect and continue the pledge of and lien on the Notes and Note payments as provided herein.

SECTION 6.08. Further Assurances. Whenever and so often as requested to do so by the Trustee, the Credit Provider, the Reserve Credit Provider (if any) or any Owner, the Authority will promptly execute and deliver, or cause to be executed and delivered, all such other and further assurances, documents or instruments and promptly do or cause to be done all such other and further things as may be necessary or reasonably required in order to further and more fully vest in the Trustee, the Credit Provider, the Reserve Credit Provider (if any) and the Owners the benefit, protection and security conferred, or intended to be conferred, upon them hereby.

SECTION 6.09. Satisfaction of Predefault Obligations. In accordance with any applicable provisions of the Credit Agreement or Reserve Credit Agreement, upon receipt of instructions

from the Authority or any Local Agency, resulting from the Authority's or such Local Agency's receipt of notice and request for payment of Predefault Obligations from the Credit Provider or Reserve Credit Provider, pursuant to applicable provisions of the Credit Agreement or Reserve Credit Agreement, the Trustee shall remit to the Credit Provider or Reserve Credit Provider, as applicable, moneys held by the Trustee and allocable to such liable Local Agency which moneys are available under the Indenture for payment of such amounts due to the Credit Provider or Reserve Credit Provider, as applicable. However, the amount remitted from such moneys which are allocable to a specific Local Agency shall not exceed that Local Agency's allocable share of the total amount due to the Credit Provider or Reserve Credit Provider, as applicable. If such moneys held by the Trustee are insufficient to pay the Local Agency's pro rata share of such Predefault Obligations, the Local Agency shall pay the amount of the deficiency to the Trustee for remittance to the Credit Provider or Reserve Credit Provider, as applicable. Moneys thus received by the Trustee from the Local Agencies shall be deposited in the Bond Payment Fund and shall be paid to the Credit Provider or Reserve Credit Provider, as applicable, by the fifteenth day after delivery by the Credit Provider to the Local Agency or Local Agencies of notice that amounts are due to the Credit Provider or Reserve Credit Provider, as applicable, pursuant to applicable provisions of the Credit Agreement or Reserve Credit Agreement.

## ARTICLE VII

### DEFAULT AND LIMITATIONS OF LIABILITY

SECTION 7.01. Action on Default. If any default in the payment of principal of or interest on a Note or any other "Event of Default" defined in a Note Resolution shall occur and be continuing, then such default shall constitute an "Event of Default" hereunder, and in each and every such case during the continuance of such Event of Default the Trustee or the Owners of not less than a majority in aggregate principal amount of Bonds at the time Outstanding shall be entitled, upon notice in writing to such Local Agency, to exercise the remedies provided to the owner of the Note then in default or under the Note Resolution pursuant to which it was issued.

SECTION 7.02. Other Remedies of the Trustee. The Trustee shall have the right --

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against any Local Agency or any trustee, member, officer or employee thereof, and to compel such Local Agency or any such trustee, member, officer or employee thereof to observe or perform its or his duties under applicable law and the agreements, conditions, covenants and terms contained herein, or in the applicable Note and Note Resolution, required to be observed or performed by it or him;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Trustee or the Owners, the Credit Provider, the Reserve Trustee or Reserve Credit Provider; or

(c) by suit in equity upon the happening of any default hereunder to require any Local Agency and any member, officer and employee thereof to account as the trustee of any express trust.

SECTION 7.03. Non-Waiver. A waiver by the Trustee of any default hereunder or breach of any obligation hereunder shall not affect any subsequent default hereunder or any subsequent

breach of an obligation hereunder or impair any rights or remedies on any such subsequent default hereunder or on any such subsequent breach of an obligation hereunder. No delay or omission by the Trustee to exercise any right or remedy accruing upon any default hereunder shall impair any such right or remedy or shall be construed to be a waiver of any such default hereunder or an acquiescence therein, and every right or remedy conferred upon the Trustee by applicable law or by this article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee.

If any action, proceeding or suit to enforce any right or to exercise any remedy is abandoned or determined adversely to the Trustee, the Credit Provider, the Reserve Credit Provider, the Authority or the Local Agencies, the Authority, the Trustee, such Credit Provider, the Reserve Credit Provider and the Local Agencies shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Notwithstanding anything to the contrary, no waiver by the Trustee of any default hereunder or breach of any obligation hereunder with respect to any Local Agency shall be effective without the prior written consent of the Credit Provider and, if applicable, the Reserve Credit Provider.

**SECTION 7.04. Application of Funds.** All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article VII shall be deposited into the segregated Payment Account of the Bond Payment Fund relating to the defaulting Local Agency's Note and be applied by the Trustee after payment of all amounts due and payable under Section 8.03 hereof in the following order upon presentation of the several Bonds, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid; provided that (i) all amounts in the Credit Fund shall be applied (without regard to Section 8.03 hereof) solely to payment of the principal of and interest on the Bonds, and (ii) all moneys in the defaulting Local Agency's Payment Account in the Bond Payment Fund allocable to reimbursement of the Credit Provider or Reserve Credit Provider for drawings or payments under the Credit Instrument or, if applicable, the Reserve Credit Instrument shall be applied solely to reimburse such Credit Provider or Reserve Credit Provider, as the case may be; and provided, further, that the Trustee shall obtain and follow the instructions contained in an Opinion of Counsel and rebate or set aside for rebate from the specified funds held hereunder, subject to the prior payment in full of all amounts applicable to the respective Local Agency specified in clause (ii) above, any amount pursuant to such instructions required to be paid to the United States of America under the Code:

**First, Costs and Expenses:** to the payment of the costs and expenses of the Trustee and of the Owners in declaring such Event of Default, including reasonable compensation to its or their agents, attorneys and counsel;

**Second, Interest:** to the payment to the persons entitled thereto of all payments of interest on the Bonds then due in the order of the due date of such payments, and, if the amount available shall not be sufficient to pay in full any payment or payments coming due on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference;

**Third, Principal:** to the payment to the persons entitled thereto of the unpaid principal of the Bonds which shall have become due, in the order of their due dates, with interest on the overdue principal and interest on the Bonds at a rate equal to the Default Rate and, if the amount available shall not be sufficient to pay in full all the amounts due with respect to the Bonds on any date, together with

such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference; and

Fourth, Predefault Obligations and Reimbursement Obligations: to the payment of all Predefault Obligations and Reimbursement Obligations applicable to such Local Agency.

**SECTION 7.05. Remedies Not Exclusive; Credit Providers' Control of Remedies.** No remedy conferred herein upon or reserved herein to the Trustee is intended to be exclusive and all remedies shall be cumulative and each remedy shall be in addition to every other remedy given hereunder or now or hereafter existing under applicable law or equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by any other applicable law.

Notwithstanding anything to the contrary herein, the Credit Provider and the Reserve Credit Provider so long as they have not failed to comply with their respective payment obligations under the applicable Credit Instrument, shall have the right to direct the remedies upon any Event of Default hereunder but only with respect to any Note or Notes to which such Credit Instrument is applicable and only so long as such action will not materially adversely affect the rights of any Bond Owner and such Credit Provider's prior consent shall be required to any remedial action proposed to be taken by the Trustee hereunder with respect to such Note or Notes, except that this shall not affect or impair in any way the right of action of any Owner to institute suit directly against a Local Agency to enforce payment of the Note and such Local Agency shall be directly obligated to each Owner of the Bonds. The Trustee shall immediately notify such Credit Provider and Reserve Credit Provider of any Event of Default of which the Trustee has actual knowledge. In the event the Credit Provider and the Reserve Credit Provider concurrently direct remedies, the Reserve Credit Provider shall control the direction of remedies.

**SECTION 7.06. Exercise of Remedies; Relative Rights of Credit Provider and Bond Owners.** Upon the exercise by any Owner, the Trustee, or the Credit Provider of its right of action to institute suit directly against a Local Agency to enforce payment of the Note, any moneys recovered by such action shall be deposited with the Trustee and applied as provided in Section 7.04 and in this Section 7.06.

All amounts received in respect of the principal of or interest on a Defaulted Note or Defaulted Reserve Note shall be applied pro rata to the claims with respect to such principal and interest of each Credit Provider or the Reserve Credit Provider, if applicable, in accordance with its Secured Percentage or Secured Reserve Percentage, as applicable, and the Bondholders in accordance with the percentage remaining net of the Secured Percentage or Secured Reserve Percentage, as applicable, and, with respect to each, in accordance with Section 7.04.

**SECTION 7.07. Limited Liability of the Authority.** Except as expressly provided herein, the Authority shall not have any obligation or liability to the Trustee, the Owners, the Credit Provider, the Reserve Trustee, the Reserve Bond Owners or the Reserve Credit Provider with respect to the payment when due of the Notes by the Local Agencies, or with respect to the observance or performance by the Local Agencies of the other agreements, conditions, covenants and terms contained in the Notes and the Note Resolutions, or with respect to the performance by the Trustee of any obligation contained herein required to be performed by it. Notwithstanding anything to the contrary contained in the Bonds, the Indenture or any other document related thereto, the Authority shall not have any liability hereunder or by reason hereof or in connection with any of the transactions contemplated hereby except to the extent

payable from moneys received from or with respect to the Notes and available thereof in accordance with the Indenture.

**SECTION 7.08. Limited Liability of the Local Agencies.** Except as expressly provided in the respective Notes and Note Resolutions, the Local Agencies shall not have any obligation or liability to the Authority, the Trustee, the Owners, the Credit Provider, the Reserve Trustee, the Reserve Bond Owner or the Reserve Credit Provider with respect to the Indenture or the preparation, execution, delivery, transfer, exchange or cancellation of the Bonds or the receipt, deposit or disbursement of the principal of and interest on the Notes by the Trustee, or with respect to the performance by the Trustee of any obligation contained herein required to be performed by it.

Notwithstanding anything to the contrary herein or in any Note or document referred to herein, no Local Agency shall incur any obligation under Article VII, Section 3.03(b) or Section 5.01 or otherwise hereunder, except to the extent payable from unencumbered revenues attributable to its 1993-1994 fiscal year, nor shall any Local Agency incur any obligation on account of any default, action or omission of any other Local Agency.

**SECTION 7.09. Limited Liability of the Trustee.** Except as expressly provided herein, the Trustee shall not have any obligation or liability to the Owners, the Credit Provider, the Reserve Trustee, the Reserve Bond Owners or the Reserve Credit Provider with respect to the payment when due of the Notes by the Local Agencies, or with respect to the observance or performance by the Local Agencies of the other agreements, conditions, covenants and terms contained in the Notes and the Note Resolutions.

## ARTICLE VIII

### THE TRUSTEE

**SECTION 8.01. Employment and Duties of the Trustee.**

The Authority appoints and employs the Trustee to receive, deposit and disburse the proceeds of and payments on the Notes as provided herein, to prepare, execute, deliver, transfer, exchange and cancel the Bonds as provided herein, to pay the interest on and principal of the Bonds to the Owners thereof as provided herein and to perform the other obligations of the Trustee and exercise the remedies contained herein; all in the manner provided herein and subject to the conditions and terms hereof. By executing and delivering the Indenture, the Trustee undertakes to perform such obligations.

**SECTION 8.02. Removal and Resignation of the Trustee.** The Authority, with the consent of the Credit Provider and the Reserve Credit Provider, if any, may at any time remove the Trustee by giving written notice of such removal by mail to the Trustee, all of the Local Agencies, all Owners of Bonds, the Credit Provider and the Reserve Credit Provider, if any, and the Trustee may at any time resign by giving written notice by mail of such resignation to such Credit Provider and the Reserve Credit Provider, if any, the Authority, the Local Agencies and all Owners of Bonds. The Credit Provider or the Reserve Credit Provider, if any, may at any time remove the Trustee if (i) such Credit Provider or the Reserve Credit Provider, if any, (as applicable) is not in default on its or their payment obligations under the Credit Instrument or Reserve Credit Instrument (as applicable) and (ii) there are no unpaid Notes deemed outstanding that are not Defaulted Notes or Defaulted Reserve Notes, as applicable, with respect to which such Credit Provider's Secured Percentage or Reserve Credit Provider's Secured Reserve Percentage, as applicable, is 100%. The Credit Provider or the Reserve Credit Provider, if any,

shall give written notice by mail of such removal to the Trustee, the Authority, all of the Local Agencies and all Owners of Bonds. If such removal is at the request of the Credit Provider or the Reserve Credit Provider, if any, and the Trustee has not been removed due to its willful misconduct or negligence hereunder, such Credit Provider or Reserve Credit Provider (as applicable) shall reimburse the Authority and the Local Agencies for any additional costs resulting from such removal. Upon giving any such notice of removal or upon receiving any such notice of removal or resignation, the Authority shall promptly appoint a successor Trustee acceptable to the Credit Provider or Reserve Credit Provider (as applicable) by an instrument in writing; provided, that if the Authority does not appoint a successor Trustee within sixty (60) days following the giving of any such notice of removal or the receipt of any such notice of resignation, the removed or resigning Trustee may petition any appropriate court having jurisdiction to appoint a successor Trustee. Any successor Trustee shall be a bank or trust company doing business and having a principal corporate trust office either in Los Angeles or San Francisco, California, having a combined capital (exclusive of borrowed capital) and surplus of at least fifty million dollars (\$50,000,000) and subject to supervision or examination by state or national authorities. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

Any removal or resignation of a Trustee and appointment of a successor Trustee shall become effective only upon the written acceptance of the appointment by the successor Trustee.

SECTION 8.03. Compensation of the Trustee. The Authority, solely from amounts held in the Costs of Issuance Fund or paid by the Local Agencies specifically for such purpose, shall from time to time, subject to any agreement then in effect with the Trustee, pay the Trustee compensation for its services and reimburse the Trustee for all its advances and expenditures hereunder, including, but not limited to, advances to and fees and expenses of accountants, agents, appraisers, consultants, counsel or other experts employed by it in the observance and performance of its rights and obligations hereunder; provided, that the Trustee shall not have any lien for such compensation or reimbursement against any money held by it in any of the funds established hereunder, although the Trustee may take whatever legal actions are available to it directly against the Local Agencies to recover such compensation or reimbursement.

SECTION 8.04. Protection of the Trustee. The Trustee shall be protected and shall incur no liability in acting or proceeding in good faith upon any affidavit, bond, certificate, consent, notice, request, requisition, resolution, statement, telegram, voucher, waiver or other paper or document which it shall in good faith believe to be genuine and to have been adopted, executed or delivered by the proper party or pursuant to any of the provisions hereof, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee may consult with counsel, who may be counsel to the Authority or the Local Agencies, with regard to legal questions arising hereunder, and the opinion of such counsel shall be full and complete authorization and protection in respect to any action taken or suffered by it hereunder in good faith in accordance therewith.

The Trustee shall not be responsible for the sufficiency of the payments on the Notes, or of the assignment made to it of all rights to receive the payments on the Notes and shall not be deemed to have knowledge of any Event of Default unless and until it shall have actual knowledge thereof or have received written notice thereof at its principal corporate trust office in Los Angeles, California. The

Trustee shall not be accountable for the use or application by the Local Agencies, or any other party, of any funds which the Trustee properly releases to the Local Agencies or which the Local Agencies may otherwise receive from time to time. The Trustee makes no representation concerning, and has no responsibility for, the validity, genuineness, sufficiency, or performance by parties other than the Trustee of the Indenture, any Bond, any Note, any Note Resolution, the Credit Instrument or the Credit Agreement or of any other paper or document, or for taking any action on them (except as specifically and expressly stated for the Trustee in the Indenture).

Whenever in the observance or performance of its rights and obligations hereunder or under the Bonds the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate of the Authority, and such certificate shall be full warrant to the Trustee for any action taken or suffered under the provisions hereof upon the faith thereof, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The Trustee may buy, sell, own, hold and deal in any of the Bonds and may join in any action which any Owner may be entitled to take with like effect as if it were not a party hereto. The Trustee, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Local Agencies, and may act as agent, depositary or trustee for any committee or body of Owners or of owners of obligations of the Local Agencies as freely as if it were not the Trustee hereunder.

The Trustee shall not be answerable for the exercise of any of its rights hereunder or for the performance of any of its obligations hereunder or for anything whatsoever in connection with the funds established hereunder, except only for its own willful misconduct or negligence.

No provision hereof shall require the Trustee to expend or risk its own funds or otherwise incur any financial or other liability or risk in the performance of any of its obligations hereunder, or in the exercise of any of its rights hereunder, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it, and before taking any remedial action hereunder (other than drawing on or requesting payment under the Credit Instrument) the Trustee may require that indemnity satisfactory to it be furnished for all expenses to which it may be put and to protect it from all liability thereunder.

**SECTION 8.05. Notices to Rating Agencies.** The Trustee shall notify Standard & Poor's Corporation and Moody's Investors Service (or whichever one is then rating the Bonds), in writing, upon occurrence of any of the following events: (i) any amendment, supplement or other change to the Indenture from the form originally executed and entered into; (ii) any amendment, supplement or other change to the Credit Agreement from the form originally executed and entered into; (iii) any amendment, supplement or other change to the Credit Instrument from the form originally executed and entered into; (iv) any amendment, supplement or other change to any Note Resolution (that the Trustee is aware of); and (v) the termination of the Credit Instrument; provided, however, that the Trustee shall incur no liability for failure to so notify.



## ARTICLE IX

### AMENDMENT OF OR SUPPLEMENT TO THE INDENTURE

**SECTION 9.01. Amendment or Supplement of Indenture.** The Indenture and the rights and obligations of the Owners and the Trustee hereunder may be amended or supplemented at any time by an amendment hereof or supplement hereto which shall become binding when the written consents of the Credit Provider, the Reserve Credit Provider, and of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 9.02, are filed with the Trustee. No such amendment or supplement shall (1) reduce the rate of interest on any Bond or extend the Interest Payment Date or reduce the amount of principal of any Bond or extend the Principal Payment Date thereof (it being understood, however, that any such extension shall have no effect on duration of the Credit Instrument) without the prior written consent of the Owner of the Bond so affected, or (2) reduce the percentage of Owners whose consent is required by the terms of this Indenture for the execution of certain amendments hereof or supplements hereto, or (3) modify any of the rights or obligations of the Trustee without its prior written consent thereto.

The Indenture and the rights and obligations of the Owners and the Trustee hereunder may also be amended or supplemented at any time by an amendment hereof or supplement hereto which shall become binding upon execution with the prior written consent of the Credit Provider and the Reserve Credit Provider, but without the written consents of any Owners, in order to make any modifications or changes necessary or appropriate in the Opinion of Counsel to preserve or protect the exclusion from gross income of interest on the Notes for federal income tax purposes, or, but only to the extent that such amendment shall not materially adversely affect the interests of the Owners, for any purpose including, without limitation, one or more of the following purposes --

- (a) to add to the agreements, conditions, covenants and terms contained herein required to be observed or performed by the Authority, other agreements, conditions, covenants and terms thereafter to be observed or performed by the Authority, or to surrender any right reserved herein to or conferred herein on the Authority;
- (b) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained herein or in regard to questions arising hereunder which the Authority may deem desirable or necessary; or
- (c) to modify, amend or supplement this Indenture or any supplement hereto in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of the United States of America or of any of the states of the United States of America and, if the Authority or Bond Counsel so determine, to add to this Indenture or any supplement hereto such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute.

**SECTION 9.02. Disqualified Bonds.** Bonds held for the account of the Authority or the Local Agencies (but excluding Bonds held in any pension or retirement fund of the Local Agencies) shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Bonds provided herein, and shall not be entitled to consent to or take any other action provided herein, and the Trustee may adopt appropriate regulations to require each Owner, before his

consent provided for herein shall be deemed effective, to reveal if the Bonds as to which such consent is given are disqualified as provided in this section.

SECTION 9.03. Procedure for Amendment with Written Consent of the Owners, the Credit Provider and the Reserve Credit Provider. The Indenture may be amended by supplemental agreement as provided in this Section 9.03 in the event the consent of the Owners, the Credit Provider and the Reserve Credit Provider is required pursuant to Section 9.01 hereof. A description of the proposed amendment, together with a request to the Owners for their consent thereto, shall be mailed by the Trustee to each Owner of a Bond, the Credit Provider and the Reserve Credit Provider at his address as set forth in the Bond registration books maintained pursuant to Section 2.07 hereof, but failure to receive copies of such description and request so mailed shall not affect the validity of the supplemental agreement when assented to as in this Section provided. Nothing herein shall be deemed to require the mailing of the supplemental agreement itself to the Owners.

Such supplemental agreement shall not become effective unless there shall be filed with the Trustee the written consent of the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, the Credit Provider and the Reserve Credit Provider (exclusive of Bonds disqualified as provided in Section 9.02 hereof) and notices shall have been mailed as hereinafter in this Section provided. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds for which such consent is given, which proof shall be acceptable to the Trustee. Any such consent shall be binding upon the Owner of the Bond giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trustee prior to the date when the Trustee has received the required percentage of consents of the Owners of the Bonds and acknowledged the same to the Local Agencies.

After the Owners of the required percentage of Bonds, the Credit Provider and the Reserve Credit Provider shall have filed their consents to such supplemental agreement, the Trustee shall acknowledge to the Authority, the Credit Provider and the Reserve Credit Provider the effectiveness of the agreement and shall mail a notice to the Local Agencies, the Credit Provider, the Reserve Credit Provider and the Owners of the Bonds in the manner hereinbefore provided in this Section for the mailing of such description, stating in substance that such supplemental agreement has been consented to by the Owners of the required percentage of Bonds and is effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of such supplemental agreement or consents thereto). A record, consisting of the papers required by this Section to be filed with the Trustee, shall be proof of the matters therein stated until the contrary is proved.

SECTION 9.04. Endorsement or Replacement of Bonds after Amendment or Supplement. After the effective date of any action taken as hereinabove provided, the Trustee may determine that the Bonds may bear a notation by endorsement in form approved by the Trustee as to such action, and in that case upon demand of the Owner of any Outstanding Bond and presentation of the Bond for such purpose at the office of the Trustee a suitable notation as to such action shall be made on such Bond. If the Trustee shall so determine, new Bonds so modified as in the opinion of the Trustee shall be necessary to conform to such action shall be prepared, and in that case upon demand of the Owner of any Outstanding Bonds such new Bonds shall be exchanged without cost to each Owner for Bonds then Outstanding at the office of the Trustee upon surrender of such Outstanding Bonds. All Bonds surrendered to the Trustee pursuant to the provisions of this section shall be cancelled by the Trustee and shall not be redelivered.

SECTION 9.05. Amendment or Supplement by Mutual Consent. The provisions of this article shall not prevent any Owner from accepting any amendment or supplement as to the particular Bonds owned by him; provided, that due notation thereof is made on such Bonds. No amendment or supplement of a Bond shall be made without prior compliance with the provisions of this Article IX pertaining to amendment or supplement of this Indenture.

## ARTICLE X

### DEFEASANCE

#### SECTION 10.01. Discharge of Bonds and Indenture.

(a) If the Trustee shall pay or cause to be paid or there shall otherwise be paid to the Owners of all Outstanding Bonds the interest and principal thereof at the times and in the manner provided herein and therein, then such Owners shall cease to be entitled to the pledge of and lien on the Notes and Note payments and any interest in the funds held hereunder as provided herein, and all agreements and covenants of the Authority to such Owners hereunder shall thereupon cease, terminate and become void and shall be discharged and satisfied.

(b) Any Outstanding Bonds shall on their Principal Payment Date be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this section if there shall be on deposit with the Trustee moneys which are sufficient to pay the interest on and principal of such Bonds payable on and prior to their Principal Payment Date. If the amount available under the Credit Instrument (other than the Reserve Fund) is at least equal to the principal of and interest on the Bonds at maturity, then such moneys on deposit must be Available Moneys.

(c) Any Outstanding Bonds shall prior to their Principal Payment Date be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this section if there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient or United States Treasury bills, notes, bonds or certificates of indebtedness, or obligations for which the full faith and credit of the United States of America are pledged for the payment of interest and principal, and which are purchased with moneys and are not subject to redemption except by the holder thereof prior to maturity (including any such securities issued or held in book-entry form on the books of the Department of the Treasury of the United States of America), the interest on and principal of which when paid will provide money which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, in the opinion of an independent expert delivered to the Trustee, the Credit Provider and the Reserve Credit Provider (if any), to pay when due the interest on such Bonds and the principal of such Bonds on the Principal Payment Date. If the amount available under the Credit Instrument (other than the Reserve Fund) is at least equal to the principal of and interest on the Bonds on their Principal Payment Date, then all moneys and securities deposited with the Trustee for purposes of this paragraph must be Available Moneys.

(d) After the payment of the interest on and principal of all Outstanding Bonds as provided in this section, at the Request of the Authority (if provided), the Trustee shall execute and deliver to the Authority and the Local Agencies all such instruments as they may deem necessary or desirable to evidence the discharge and satisfaction of the Indenture, and the Trustee shall pay over or deliver to the Local Agencies all money or deposits or investments held by it pursuant hereto which are

not required for the payment of the interest on and principal of such Bonds and the Trustee shall surrender the Credit Instrument to the Credit Provider, for cancellation by the same.

(e) Notwithstanding anything to the contrary herein, the Indenture shall not be discharged without the prior written consent of the Credit Provider and the Reserve Credit Provider (if any), until all Predefault Obligations and Reimbursement Obligations have been paid or payment duly provided for by the Trustee's retention of sufficient funds to pay all Predefault Obligations and Reimbursement Obligations due or to become due as of the date of such discharge.

SECTION 10.02. Unclaimed Money. Anything contained herein to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of the interest on or principal of any Bonds which remains unclaimed for two (2) years after the date when the payments on such Bonds have become payable, if such money was held by the Trustee on such date, or for two (2) years after the date of deposit of such money it deposited with the Trustee after the date when the interest on and principal of such Bonds have become payable, shall be repaid by the Trustee to the Local Agencies as their interests appear as their absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the Local Agencies for the payment of the interest on and principal of such Bonds it being understood that the Credit Instrument shall no longer be in effect at that time; provided, that before being required to make any such payment to the Local Agencies, the Trustee may, as a charge on such funds, give notice by mail to all Owners of Bonds that such money remains unclaimed and that after a date named in such notice, which date shall not be less than sixty (60) days after the date of giving such notice, the balance of such money then unclaimed will be returned to the Local Agencies.

## ARTICLE XI

### MISCELLANEOUS

SECTION 11.01. Benefits of the Indenture Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than the Local Agencies, the Trustee, the Authority, the Credit Provider, the Owners, the Reserve Trustee, the Reserve Credit Provider, and the Owners of Reserve Bonds any claim, remedy or right under or pursuant hereto, and any agreement, condition, covenant or term contained herein required to be observed or performed by or on behalf of the Authority shall be for the sole and exclusive benefit of the Trustee, the Local Agencies, the Credit Provider, the Owners and their successors.

SECTION 11.02. Successor Deemed Included in All References to Predecessor. Whenever the Authority or the Trustee or any officer thereof is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the Authority or the Trustee or such officer, and all agreements, conditions, covenants and terms contained herein required to be observed or performed by or on behalf of the Authority or the Trustee or any officer thereof shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

SECTION 11.03. Execution of Documents by Owners. Any declaration, request or other instrument which is permitted or required herein to be executed by Owners may be in one or more instruments of similar tenor and may be executed by Owners in person or by their attorneys appointed in writing. The fact and date of the execution by any Owner or such Owner's attorney of any

declaration, request or other instrument or of any writing appointing such attorney may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state or territory in which he purports to act that the person signing such declaration, request or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer, or by such other proof as the Trustee may accept which it may deem sufficient.

Any declaration, request or other instrument in writing of the Owner of any Bond shall bind all future Owners of such Bond with respect to anything done or suffered to be done by the Local Agencies or the Trustee in good faith and in accordance therewith.

**SECTION 11.04. Waiver of Personal Liability; No Liability of Authority Members.**

No trustee, member, officer or employee of the Local Agencies or the Authority shall be individually or personally liable for the payment of the interest on or principal of the Bonds, but nothing contained herein shall relieve any trustee, member, officer or employee of the Local Agencies or the Authority from the performance of any official duty provided by any applicable provisions of law or by the Notes or the Note Resolution or the Indenture.

Notwithstanding anything to the contrary herein or in any other document, no entity that is a member of the Authority, its officers, directors, employees, and agents, shall have any liability of any kind hereunder or by reason of or in connection with any of the transactions contemplated hereby, other than in its capacity (if any) as a Local Agency hereunder.

**SECTION 11.05. Content of Certificates; Post-Issuance Legal Opinions.**

Every certificate of the Authority or the Local Agencies with respect to compliance with any agreement, condition, covenant or term contained herein shall include: (a) a statement that the person or persons executing such certificate have read such agreement, condition, covenant or term and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements contained in such certificate are based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such agreement, condition, covenant or term has been complied with; and (d) a statement as to whether, in the opinion of the signers, such agreement, condition, covenant or term has been complied with.

Any Certificate of the Authority or the Local Agencies may be based, insofar as it relates to legal matters, upon an Opinion of Counsel unless the person or persons executing such certificate know that the Opinion of Counsel with respect to the matters upon which his or their certificate may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous. Any Opinion of Counsel may be based, insofar as it relates to factual matters and information with respect to which is in the possession of the Local Agencies or the Authority, upon a representation by an officer or officers of the Local Agencies or the Authority unless the counsel executing such Opinion of Counsel knows that the representation with respect to the matters upon which his opinion may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous.

Should any of the post-issuance legal opinions referred to in this Indenture, the Note Resolutions or in any Local Agency certificate be delivered by bond counsel other than Orrick, Herrington & Sutcliffe, or if the Bonds are prepaid or remain Outstanding in connection with a transaction which is approved by counsel other than Orrick, Herrington & Sutcliffe, the Trustee, promptly

after such opinion is delivered, will mail, first-class, postage prepaid, (1) a copy of each said opinion to each Owner at his address as it appears in the registration book kept by the Trustee or other registrar and (2) a notice indicating that the opinion of Orrick, Herrington & Sutcliffe delivered in connection with the delivery of the Bonds may no longer be relied upon. The Authority and the Local Agencies shall cooperate with the Trustee in order to effectuate the provisions of this paragraph.

SECTION 11.06. Notice by Mail. Any notice required to be given hereunder by mail to any Owners of Bonds shall be given by mailing a copy of such notice, first class postage prepaid, to the Owners of such Bonds at their addresses appearing in the books required to be kept by the Trustee pursuant to the provisions of Section 2.07 and to the Credit Provider not less than thirty (30) days nor more than sixty (60) days following the action or prior to the event concerning which notice thereof is required to be given; provided, that receipt of any such notice shall not be a condition precedent to the effectiveness of such notice and failure to receive any such notice shall not affect the validity of the proceedings taken in connection with the action or the event concerning which such notice was given.

SECTION 11.07. Funds. Any fund or account required to be established and maintained herein by the Trustee may be established and maintained in the accounting records of the Trustee either as an account or a fund, and may, for the purpose of such accounting records, any audits thereof and any reports or statements with respect thereto, be treated either as an account or a fund; but all such records with respect to all such funds shall at all times be maintained in accordance with trust accounting practice and with due regard for the instructions, if any, delivered to the Trustee pursuant to Section 6.04(b) and for the protection of the security of the Bonds and the rights of the Owners and of the Credit Provider.

SECTION 11.08. Article and Section Headings, Gender and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof, and words of any gender shall be deemed and construed to include all genders. All references herein to "Articles," "Sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words "hereby," "herein," "hereof," "hereto," "herewith," "hereunder" and other words of similar import refer to the Indenture as a whole and not to any particular article, section, subdivision or clause thereof.

SECTION 11.09. Partial Invalidity. If any one or more of the agreements, conditions, covenants or terms contained herein required to be observed or performed by or on the part of the Authority or the Trustee shall be contrary to law, then such agreement or agreements, such condition or conditions, such covenant or covenants or such term or terms shall be null and void and shall be deemed separable from the remaining agreements, conditions, covenants and terms hereof and shall in no way affect the validity hereof or of the Bonds, and the Owners and the Credit Provider shall retain all the benefit, protection and security afforded to them hereunder and under all provisions of applicable law. The Authority and the Trustee hereby declare that they would have executed and entered into the Indenture and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the execution and delivery of the Bonds pursuant hereto irrespective of the fact that any one or more of the articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

SECTION 11.10. California Law. The Indenture shall be construed and governed in accordance with the laws of the State of California.

**SECTION 11.11. Notices.** All written notices to be given hereunder shall be given by mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other parties in writing from time to time, namely:

If to the Trustee:

U.S. Trust Company of California, N.A.  
555 South Figueroa Street, Suite 2700  
Los Angeles, California 90071

If to the Credit  
Provider:

[If to the Reserve  
Trustee:]

U.S. Trust Company of California, N.A.  
555 South Figueroa Street, Suite 2700  
Los Angeles, California 90071

[If to the Reserve  
Credit Provider:]

If to the  
Authority:

California Statewide Communities  
Development Authority  
1100 K Street, Suite 101  
Sacramento, California 95814

If to the  
Local Agencies:

To the individual addresses as set forth in Exhibit A to  
the Purchase Contract.

If to the Purchaser:

Sutro & Co. Incorporated  
555 S. Flower Street, Suite 3400  
Los Angeles, CA 90071  
Attn: Catherine W. Bando

**SECTION 11.12. Effective Date.** The Indenture shall become effective upon its execution and delivery.

**SECTION 11.13. Execution in Counterparts.** The Indenture may be executed and entered into in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the Authority has caused this Indenture to be signed in its name by its Chair, or by such other person as has been designated by its legislative body, and U.S. Trust Company of California, N.A., as Trustee, to evidence its acceptance of the trust hereby created, has

caused the Indenture to be signed in the name of the Trustee by an authorized officer of the Trustee, all as of the day and year first above written.

CALIFORNIA STATEWIDE COMMUNITIES  
DEVELOPMENT AUTHORITY

By \_\_\_\_\_  
Title: Chair

U.S. TRUST COMPANY OF CALIFORNIA, N.A.  
as Trustee

By \_\_\_\_\_  
Title:



SCHEDULE I  
PARTICIPATING LOCAL AGENCIES

<u>Issuer</u>	<u>Principal Amount</u>	Percentage of Total Principal Amount of Bonds <u>Issued</u>	<u>Credit Instrument</u>	<u>Credit Provider</u>	<u>Credit Agreement</u>
*					

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\* Issued in anticipation of complying with Section 148(f)(4)(B) of the Internal Revenue Code of 1986.

**SCHEDULE II**

**INITIAL DEPOSITS TO LOCAL AGENCIES'  
PROCEEDS SUBACCOUNTS**

**Local Agency**

**Amount**

**\$**

[FORM OF BOND]  
[FORM OF FRONT OF BOND]

UNITED STATES OF AMERICA  
STATE OF CALIFORNIA

No. \_\_\_\_

\$ \_\_\_\_\_

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY  
1993 POOL BOND, SERIES \_\_\_\_

<u>Interest Rate</u>	<u>Principal Payment Date</u>	<u>Date of Initial Delivery</u>	<u>CUSIP</u>
____ %	June 30, 1994	July __, 1993	

REGISTERED OWNER:

PRINCIPAL SUM:

THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY (the "Authority") promises to pay the registered owner set forth above of this California Statewide Communities Development Authority 1993 Pool Bond, Series \_\_\_\_ (the "Bond"), on the Principal Payment Date (the "Principal Payment Date") set forth above, upon surrender of this Bond on such Principal Payment Date at U.S. Trust Company of California, N.A., a national banking association duly organized and existing under and by virtue of the laws of the United States of America, at its principal corporate trust office in Los Angeles, California, as trustee (together with any successor thereto in accordance with the Indenture, the "Trustee"), the principal sum set forth above, and interest accruing from the date of initial issuance of this Bond and becoming due and payable on such Principal Payment Date. Such interest is determined by the multiplication of the aforesaid principal sum by the interest rate per annum set forth above on the basis of a 360-day year consisting of twelve 30-day months. All such amounts are payable in lawful money of the United States of America.

THE TERMS AND PROVISIONS OF THIS BOND ARE CONTINUED ON THE REVERSE SIDE HEREOF AND SUCH CONTINUED TERMS AND PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH HERE.

IN WITNESS WHEREOF, this Bond has been dated the date of initial delivery hereof, and has been executed and attested by the facsimile signatures of the Chair and Secretary of the Authority:

By: \_\_\_\_\_  
Chair

Attest:

\_\_\_\_\_  
Secretary

Authenticated by the manual signature of an authorized officer of the Trustee on the following date:

U.S. TRUST COMPANY OF CALIFORNIA, N.A.,  
as Trustee

By \_\_\_\_\_  
Authorized Officer

[FOPM OF BACK OF BOND]

This Bond is one of the duly authorized bonds entitled "California Statewide Communities Development Authority 1993 Pool Bonds, Series \_\_" aggregating \$\_\_\_\_\_ (the "Bonds") which have been issued by the Authority under and pursuant to the terms of an Indenture (together with any supplements or amendments, the "Indenture") dated as of July 1, 1993 by and between the Trustee and the Authority. Copies of the Indenture are on file at said office of the Trustee, and reference is hereby made to the Indenture for a description of the agreements, conditions, covenants and terms securing the Bonds, for the nature, extent and manner of enforcement of such agreements, conditions, covenants and terms, for the rights and remedies of the registered owners of the Bonds with respect thereto, for the terms under which the Indenture can be amended, and for the other agreements, conditions, covenants and terms upon which the Bonds are issued thereunder, to all of which the owner hereof assents and agrees by acceptance hereof.

The Bonds are authorized to be issued in the form of fully registered Bonds in denominations of five thousand dollars (\$5,000) or any integral multiple thereof.

This Bond is transferable or exchangeable by the registered owner hereof, in person or by his attorney duly authorized in writing, at said office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender of this Bond for cancellation accompanied by delivery of a duly executed written instrument of transfer or exchange, a new Bond or Bonds of authorized denominations equal to the principal amount hereof will be delivered by the Trustee to the registered owner hereof in exchange or transfer herefor.

The Trustee may treat the registered owner hereof as the absolute owner hereof for all purposes, whether or not this Bond shall be overdue, and the Trustee shall not be affected by any knowledge or notice to the contrary; and payment of the interest on and principal of this Bond shall be made only to such registered owner as above provided, which payments shall be valid and effectual to satisfy and discharge the liability evidenced and represented by this Bond to the extent of the sum or sums so paid.

The Bonds are secured by a pledge and assignment of the tax and revenue anticipation notes issued by certain California local agencies (as more particularly described in the Indenture) and payments with respect thereto, to the extent provided in the Indenture, subject to the provisions of the Indenture permitting the disbursement thereof for or to the purposes and on the conditions and terms set forth therein.

The payment of principal of and interest on the Bonds is also secured [in part] by [the Reserve Fund held by the Reserve Trustee under the Reserve Indenture (as those terms are defined in the Indenture)] and [in whole] [in part] [(but together with the Reserve Fund less than in whole)] by [a standby Letter of Credit issued by \_\_\_\_\_, in the amount of \$\_\_\_\_\_, which Letter of Credit expires on July \_\_, 1994 unless terminated earlier in accordance with its terms].

The Bonds are not a lien or charge upon any funds or property of the Authority (except to the extent of the aforementioned pledge and assignment). The Bonds are not a debt of any Local Agency (as defined in the Indenture) or any member of the Authority and no such Local Agency or member is liable in any manner for the payment thereof.

[Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Trustee or its agent for the registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.]

[FORM OF ASSIGNMENT]

For value received, the undersigned do(es) hereby sell, assign and transfer unto \_\_\_\_\_ whose tax identification number is \_\_\_\_\_ the within Certificate and do(es) hereby irrevocably constitute(s) and appoint(s) \_\_\_\_\_ attorney to transfer such Certificate on the register of the Trustee, with full power of substitution in the premises.

Dated: \_\_\_\_\_

SIGNATURE GUARANTEED BY:

\_\_\_\_\_

\_\_\_\_\_

Note: The signature(s) to this Assignment must correspond with the name(s) as written on the face of the within Certificate in every particular, without alteration or enlargement or any change whatsoever, and the signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

EXHIBIT B

[FORM REQUISITION FROM PROCEEDS ACCOUNT]

To: \_\_\_\_\_, as Trustee

From: \_\_\_\_\_

Re: 1993-1994 California Statewide Communities Development Authority 1993 Pool Bonds, Series  
\_\_\_\_ (the "Program")

Requisition No. \_\_\_\_

The undersigned, on behalf of the Local Agency, \_\_\_\_\_ (the "Local Agency"), hereby requests payment, from the Proceeds Subaccount of the Local Agency pursuant to the Program, the amount of \$\_\_\_\_\_ [by wire/check (circle one)] for purposes for which the Local Agency is authorized to use and expend moneys. If the payment is by wire, please fill in the following information:

Name of Bank: \_\_\_\_\_

ABA#: \_\_\_\_\_

Account No. \_\_\_\_\_

The undersigned hereby certifies as follows:

1. The amount requisitioned hereby from the Proceeds Subaccount of the Local Agency does not, as of the date hereof, exceed eighty-five percent (85%) of (a) the uncollected taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts, and other moneys intended as receipts for the general fund of the Local Agency to be received by the Local Agency attributable to Fiscal Year 1993-1994 and which are generally available for the payment of current expenses and other obligations of the Local Agency (collectively, "unrestricted revenues") less (b) projected uncollectible unrestricted revenues of the Local Agency during such Fiscal Year.

2. The amount requisitioned hereby is for a purpose for which the Local Agency is authorized to use and expend funds from the general fund of the Local Agency.

3. Other funds of the Local Agency are not readily available for expenditure for such purpose.

4. The information contained herein is true and correct as of the date of this Requisition.

5. The representations of the Local Agency set forth in Section 12 of the Resolution of the Local Agency, providing for the borrowing of funds for Fiscal Year 1993-1994 and the issuance and sale of a 1993-1994 Tax and Revenue Anticipation Note therefor and authorizing participation in the



Program (the "Resolution") are true and correct in all material respects as though made on and as of this date except to the extent that such representations relate to an earlier date.

6. As of the date hereof, no event has occurred and is continuing which constitutes an Event of Default under the Resolution or would constitute an Event of Default but for the requirement that notice be given, or time elapse, or both.

Dated: \_\_\_\_\_, 19\_\_\_\_.

---

Authorized Local Agency  
Representative

D

## PURCHASE AGREEMENT

**THIS PURCHASE AGREEMENT** (the "Purchase Agreement"), dated as of the purchase date (the "Purchase Date") specified in Exhibit A attached hereto and made a part hereof (inclusive of Schedule I, "Exhibit A"), entered into by and between each respective signatory local agency designated in Exhibit A, a municipal corporation, public agency or political subdivision of the State of California, as applicable (the "Local Agency"), severally and not jointly, and the California Statewide Communities Development Authority (the "Authority"), for the sale and delivery of the principal amount specified in Exhibit A of the Local Agency's 1993-1994 Tax and Revenue Anticipation Note (the "Note") to be issued in conjunction with the notes of other Issuers (as hereinafter defined) participating in the Program as determined in the Pricing Confirmation (as hereinafter defined) either (i) marketed individually or (ii) pooled with notes of other Issuers and assigned to secure a series (the "Series") of bonds (the "Bonds") designated in Exhibit A;

### WITNESSETH:

**WHEREAS**, local agencies are authorized by Sections 53850 to 53858, both inclusive, of the Government Code of the State of California (the "Act") (being Article 7.6, Chapter 4, Part 1, Division 2, Title 5 of the Government Code) to borrow money by the issuance of temporary notes;

**WHEREAS**, the legislative body of the Local Agency (the "Local Agency Board") has heretofore adopted its resolution finding that the Local Agency needs to borrow funds in its fiscal year ending June 30, 1994 ("Fiscal Year 1993-1994") in the principal amount set forth in Exhibit A and that it is necessary that said sum be borrowed at this time by the issuance of a note therefor in anticipation of the receipt of taxes, income, revenue, cash receipts and other moneys to be received by the Local Agency during or attributable to Fiscal Year 1993-1994;

**WHEREAS**, on the applicable resolution date set forth in Exhibit A, the Local Agency adopted (as specified in Exhibit A) a resolution (collectively or singularly, as applicable, the "Resolution") authorizing the issuance and sale of the Note in the name and on behalf of the Local Agency;

**WHEREAS**, the Local Agency has determined that it is in the best interests of the Local Agency to participate in the California Cash Flow Financing Program (the "Program"), whereby participating local agencies (the "Issuers") will simultaneously issue tax and revenue anticipation promissory notes for purchase by the Authority;

**WHEREAS**, under the Program, the Authority will form one or more pools of notes (the "Pooled Notes") and assign each note to a particular pool (the "Pool") and sell a Series of Bonds secured by each Pool pursuant to an indenture between the Authority and U.S. Trust Company of California, N.A. (the "Trustee"), and sell each such Series to Sutro & Co. Incorporated as underwriter of the Program (the "Underwriter"), or, alternatively, the Authority may sell any of the notes individually (the "Separately Marketed Notes") to the Underwriter;

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**WHEREAS**, as indicated in Exhibit A, the Local Agency has confirmed whether its Note is to be a Pooled Note or a Separately Marketed Note, and, if a Pooled Note, then the Local Agency by adopting the Resolution and by executing this Purchase Agreement has acknowledged and approved the assignment of its Note to a particular Pool, Indenture and Series of Bonds determined by the Authority in its sole discretion, acting upon the advice of the Underwriter;

**WHEREAS**, as indicated in Exhibit A, the payment by the Local Agency of its Note will be secured in whole or in part (jointly, but not severally, with notes of the other participating Issuers assigned to the same Series of Bonds) by virtue of or in form of such Series of Bonds being secured by a letter of credit, policy of insurance, proceeds of a separate bond issue issued by the Authority for such purpose (the "Reserve Fund") or other credit instrument (collectively, the "Credit Instrument") to be issued by the entity or entities designated in Exhibit A as the credit provider (the "Credit Provider");

**WHEREAS**, such Credit Instrument will be issued pursuant to a reimbursement agreement, commitment letter, indenture or other agreement (the "Credit Agreement") as identified in Exhibit A;

**WHEREAS**, if, as indicated in Exhibit A, the Credit Instrument is the Reserve Fund, bonds issued to fund the Reserve Fund (the "Reserve Bonds") will (as indicated in Exhibit A) be secured in whole by an irrevocable letter of credit or policy of insurance or other credit instrument (the "Reserve Credit Instrument") to be issued by the entity designated in Exhibit A as the reserve credit provider (the "Reserve Credit Provider");

**WHEREAS**, such Reserve Credit Instrument will be issued pursuant to a reimbursement agreement, commitment letter, indenture or other agreement (the "Reserve Credit Agreement") as identified in Exhibit A;

**WHEREAS**, in order to participate in the Program, the Local Agency has agreed to be responsible for its share of the fees and expenses of the Trustee, or in the case of a Separately Marketed Note, U.S. Trust Company of California, N.A., as paying agent (the "Paying Agent"), and, if applicable, the Credit Provider and the Reserve Credit Provider (if any) and the costs of issuing the Bonds, or individual note, as applicable, and the costs, if applicable of issuing the Credit Instrument and the Reserve Credit Instrument (if any), which anticipated fees, expenses and costs of issuance will be deducted from the purchase price set forth in Exhibit A (or, with respect to costs and fees of the Reserve Credit Provider, will be paid or disbursed as may otherwise be provided in the Reserve Indenture) and which unanticipated fees, expenses and costs of issuance will be billed to the Local Agency as the same arise;

**WHEREAS**, the costs of issuance which will be deducted from the purchase price set forth in Exhibit A for the Local Agency shall not exceed \_\_\_\_\_;  
and

**WHEREAS**, pursuant to the Program, the Authority is submitting this offer to purchase the Note pursuant to this Purchase Agreement;

**NOW, THEREFORE**, the parties hereto agree as follows:

**Section 1. Obligation to Purchase.** Upon the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Authority hereby agrees to purchase

from the Local Agency, and the Local Agency hereby agrees to sell to the Authority, the Note, as described herein and in the Resolution.

**Section 2. Purchase Price.** The purchase price of the Note shall be the purchase price set forth in a pricing confirmation supplement to be delivered by the Underwriter on behalf of the Authority to the Local Agency on a date within 10 days after actual pricing of the Note which, upon execution by the Local Agency, shall be attached hereto as Schedule I (the "Pricing Confirmation"). The Note shall bear interest at an interest rate per annum set forth in the Pricing Confirmation, which is hereby agreed to by and between the Authority and the Local Agency by its duly authorized officer executing this Purchase Agreement on behalf of the Local Agency.

**Section 3. Delivery of and Payment for the Note.** The delivery of the Note (the "Closing") shall take place at 9:00 a.m., California time, on the closing date set forth in the Pricing Confirmation or at such other time or date as may be mutually agreeable to the Local Agency, the Authority and the Underwriter, at the Los Angeles offices of Orrick, Herrington & Sutcliffe or such other place as the Local Agency, the Authority and the Underwriter shall mutually agree upon. At the Closing, the Local Agency shall cause the Note to be delivered to the Authority, duly executed and authenticated, together with the other documents hereinafter mentioned, and the proceeds of the purchase price of the Note set forth in the Pricing Confirmation shall be deposited in an amount indicated in the Pricing Confirmation as the Deposit to Proceeds Subaccount (i) in the case where the Note is a Pooled Note, in the Proceeds Subaccount of the Local Agency held by the Trustee under the Indenture and the remainder in the Costs of Issuance Fund held thereunder, and (ii) in the case where the Note is a Separately Marketed Note, in the Proceeds Account of the Local Agency held by the Paying Agent and the remainder in the Costs of Issuance Account held by the Paying Agent. The Local Agency's Note shall be made available to the Authority or the Underwriter for inspection and, if the Note is a Separately Marketed Note, packaging, at least 24 hours prior to Closing.

In the case of a Separately Marketed Note, the Local Agency agrees to cause to be delivered to the Underwriter as many copies of the final official statement dated as of the Purchase Date (the "Note Official Statement") as the Authority or the Underwriter shall reasonably request as necessary to comply with paragraph (b)(4) of Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Rule") and with Rule G-32 and all other rules of the Municipal Securities Rulemaking Board. The Local Agency agrees to cause to be delivered the Note Official Statement within seven business days after the Purchase Date. If, at any time prior to 90 days after the Closing Date, any event occurs as a result of which information relating to the Local Agency included in the Note Official Statement contains an untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Local Agency shall promptly notify the Authority and the Underwriter thereof, and if, in the opinion of the Authority or the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Note Official Statement, the Local Agency will cooperate with the Authority and the Underwriter in the preparation of an amendment or supplement to the Note Official Statement in a form and in a manner approved by the Authority and the Underwriter, and all reasonable expenses thereby incurred will be paid for by the Local Agency. The Underwriter shall give notice to the Local Agency on the date after which the Underwriter has no obligation to deliver the Note Official Statement pursuant to paragraph (b)(4) of the Rule and the Underwriter covenants to comply fully with subparagraph (b)(4)(ii) of the Rule and to file the Note Official Statement with a nationally recognized securities information repository within one business day after the Note Official Statement first becomes available.

In the case of a Pooled Note, if at any time prior to 90 days after the Closing Date, any event occurs as a result of which information relating to the Local Agency included in the official statement of the Authority relating to the Series of Bonds to which the Note is assigned (the "Bond Official Statement") contains an untrue statement of a material fact or omits to state any material fact necessary to make the statements therein in light of the circumstances under which they were made, not misleading, the Local Agency shall promptly notify the Authority and the Underwriter thereof, and if, in the opinion of the Authority or the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Bond Official Statement the Local Agency will cooperate with the Authority and the Underwriter in the preparation of an amendment or supplement to the Bond Official Statement in a form and in a manner approved by the Authority and the Underwriter, and all reasonable expenses incurred thereby will be paid by the Underwriter.

The Note Official Statement and Bond Official Statement are herein referred to generically as the Official Statement.

**Section 4. The Note.** The Note shall be issued in registered form, without coupons in the full principal amount set forth in Exhibit A.

**Section 5. Representations and Warranties of the Local Agency.** The Local Agency represents and warrants to the Authority and the Underwriter that:

(a) All representations and warranties set forth in the Resolution are true and correct on the date hereof and are made for the benefit of the Authority and the Underwriter as if set forth herein.

(b) A copy of the Resolution has been delivered to the Authority and the Underwriter, and the Resolution will not be amended or repealed without the consent of the Authority and the Underwriter, which consent will not be unreasonably withheld.

**Section 6. Conditions Precedent to the Closing.** Conditions precedent to the Closing are as follows:

(a) The execution and delivery of the Note consistent with the Resolution.

(b) Delivery of a legal opinion addressed to the Local Agency (with a reliance letter addressed to the Authority), dated the date of Closing, of Orrick, Herrington & Sutcliffe ("Bond Counsel") with respect to the validity and tax-exempt status of the Note if it is a Separately Marketed Note and with respect to the validity of the Note if it is a Pooled Note in form and substance acceptable to the Local Agency and its counsel.

(c) Delivery of a legal opinion, dated the date of Closing of counsel to the Local Agency, with respect to the due authorization, execution and delivery of the Note, in form and substance acceptable to Bond Counsel.

(d) In the case of a Pooled Note, approval by the Credit Provider, and if applicable, the Reserve Credit Provider, of the credit of the Local Agency and inclusion of the Local Agency's Note in the assignment, together with notes of other Issuers, to a Series of Bonds, to secure such Series of Bonds.

(e) Delivery of each certificate, document, instrument and opinion required by the agreement between the Authority and the Underwriter for the sale by the Authority and purchase by the Underwriter of the Separately Marketed Note or the Series of Bonds to which the Pooled Note is assigned, as the case may be.

(f) Delivery of such other certificates, instruments or opinions as Bond Counsel may deem necessary or desirable to evidence the due authorization, execution and delivery of documents pertaining to this transaction and the legal, valid and binding nature thereof or as may be required by the Credit Agreement and, if applicable, the Reserve Credit Agreement as well as compliance of all parties with the terms and conditions thereof.

**Section 7. Events Permitting the Authority to Terminate.** The Authority may terminate its obligation to purchase the Note at any time before the Closing if any of the following occurs:

(a) Any legislative, executive or regulatory action (including the introduction of legislation) or any court decision which, in the judgment of the Underwriter, casts sufficient doubt on the legality of or, in the case of a Separately Marketed Note, the tax-exempt status of interest on obligations such as the Note, and, in the case of Pooled Notes, the tax-exempt status of interest on obligations such as the Bonds, so as to materially impair the marketability or to materially reduce the market price of such obligations;

(b) Any action by the Securities and Exchange Commission or a court which would require registration of the Note, the Bonds or any instrument securing the Note or Bonds under the Securities Act of 1933, as amended, in connection with the public offering thereof, or qualification of the Resolution or the Indenture under the Trust Indenture Act of 1939, as amended; or

(c) Any restriction on trading in securities, or any banking moratorium, or the inception or escalation of any war or major military hostilities which, in the judgment of the Underwriter, substantially impairs the ability of the Underwriter to market the Bonds.

(d) The Underwriter terminates its obligation to purchase the Separately Marketed Note or the Series of Bonds to which the Note is assigned, as the case may be, pursuant to its agreement with the Authority for the purchase of such Separately Marketed Notes or Series of Bonds, as the case may be.

Neither the Underwriter nor the Authority shall be responsible for the payment of any fees, costs or expenses of the issuance, offering and sale of the Local Agency's Note except the Underwriter shall be responsible for California Debt Advisory Commission fees and for its own internal costs. The fees, costs and expenses that are categorized in the "Costs of Issuance" definition in the Indenture shall be paid from the Costs of Issuance Fund or, in the case of a Separately Marketed Note, from the Costs of Issuance Fund held by the Paying Agent. The Local Agency shall pay any additional costs attributable to it as set forth in the Resolution other than the fees, costs and expenses so payable from the applicable Costs of Issuance Fund.

**Section 8. Limited Liability.** Notwithstanding anything to the contrary contained herein or in the Notes or in any other document mentioned herein or related to the Notes or to any Series of Bonds to which the Note may be assigned, the Local Agency shall not have any liability hereunder or by

reason hereof or in connection herewith or with the transactions contemplated hereby except to the extent payable from moneys available therefor as set forth in Section 8 of the Resolution of the Local Agency.

**Section 9. Credit Agreement.** The Local Agency hereby agrees to comply with all lawful and proper requests of the Authority in order to enable the Authority to comply with all of the terms, conditions and covenants binding upon it under the Credit Agreement and, if applicable, the Reserve Credit Agreement.

**Section 10. Notices.** Any notices to be given to the Authority or Underwriter under the Purchase Agreement shall be given in writing to Sutro & Co. Incorporated, 555 So. Flower Street, Suite 3400, Los Angeles, CA 90071, Attn: Catherine W. Bando. Any notices to be given to the Local Agency shall be given in writing to the address specified in Exhibit A.

**Section 11. No Assignment.** The Purchase Agreement has been made by the Local Agency and the Authority, and no person other than the Local Agency named in Exhibit A and the Authority or their successors or assigns and the Underwriter shall acquire or have any right under or by virtue of the Purchase Agreement. All of the representations, warranties and agreements contained in the Purchase Agreement shall survive the delivery of and payment by the Authority for the Note and any termination of the Purchase Agreement.

**Section 12. Applicable Law.** The Purchase Agreement shall be interpreted, governed and enforced in accordance with the laws of the State of California.

**Section 13. Effectiveness.** The Purchase Agreement shall become effective upon the execution hereof and execution of the Pricing Confirmation by the Local Agency, and the Purchase Agreement, including the Pricing Confirmation, shall be valid, binding and enforceable from and after the time of such effectiveness.

**Section 14. Severability.** In the event any provision of the Purchase Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

**Section 15. Execution in Counterparts.** The Purchase Agreement may be executed and entered into in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument; provided, however, that each signatory Local Agency shall

be bound severally and only by and to the extent of the terms of Exhibit A applicable to such Local Agency, as incorporated herein.

CALIFORNIA STATEWIDE COMMUNITIES  
DEVELOPMENT AUTHORITY

By \_\_\_\_\_  
Title: Executive Director

Accepted:

\_\_\_\_\_

By \_\_\_\_\_  
Authorized Officer



## EXHIBIT A

Each following page shall be used by the Local Agency to execute and enter into the Purchase Agreement between the Local Agency (severally and not jointly with other local agencies) and the California Statewide Communities Development Authority, and shall bind the Local Agency to all of the terms and conditions of this Purchase Agreement, subject to the additional terms of this Exhibit A, including Schedule I.

Local Agency: [A]  
Address:

Executed and entered into on the Purchase Date set forth in Schedule I attached hereto and incorporated herein.

\_\_\_\_\_  
[B]

By \_\_\_\_\_  
Title: \_\_\_\_\_

SCHEDULE I

PRICING CONFIRMATION SUPPLEMENT

Local Agency: [A]  
Address:

Principal Amount of Note: \$ \_\_\_\_\_  
Interest Rate (Note Rate): \_\_\_\_\_  
Maturity Date: \_\_\_\_\_  
Purchase Price

(including costs  
of issuance): \$ \_\_\_\_\_

Deposit to Proceeds

Subaccount/Proceeds  
Account, as applicable  
(net costs of issuance): \$ \_\_\_\_\_

Resolution Date

of Local Agency: \_\_\_\_\_

Note marketed individually \_\_\_\_\_

or pooled with notes of  
other Issuers: \_\_\_\_\_

Series of Bonds to which

Note will be assigned: \_\_\_\_\_

Note/Series of Bonds Secured

by Credit Instrument: \_\_\_\_ yes \_\_\_\_ no

Type of Credit Instrument: \_\_\_\_\_

Credit Provider: \_\_\_\_\_

Credit Agreement: \_\_\_\_\_ dated [as of] \_\_\_\_\_, 1993

If Credit Instrument is Reserve Fund:

Type of Reserve Credit Instrument: \_\_\_\_\_

Reserve Credit Provider: \_\_\_\_\_

Reserve Credit Agreement: \_\_\_\_\_ dated [as of] \_\_\_\_\_, 1993

Purchase Date: \_\_\_\_\_

Closing Date: \_\_\_\_\_

Default Rate: \_\_\_\_\_

Repayment Months and Percentages

of Principal and Interest

Payable: \_\_\_\_\_ (\_\_\_\_ %) and \_\_\_\_\_ (\_\_\_\_ %)

The undersigned Local Agency officer (the "Authorized Officer") hereby certifies that he/she has reviewed the Purchase Agreement dated the Purchase Date set forth on the first page of this Pricing Confirmation Supplement (the "Purchase Agreement"), by and between the Local Agency and the California Statewide Communities Development Authority, attached hereto and that:

1. The undersigned has been duly authorized by the Legislative Body to execute this Pricing Confirmation Supplement and take the other actions contemplated herein.

2. Sale of the Local Agency's Note as contemplated in the Purchase Agreement, on the terms and conditions set forth in this Pricing Confirmation Supplement, is hereby approved.

3. The representations, warranties and covenants set forth in Section 5 of the Purchase Agreement and Section 12 of the Local Agency's Resolution authorizing the Note are true and correct on and as of the date hereof.

4. (a) As of the date hereof, the aggregate amount of all tax-exempt obligations (including any tax-exempt leases, but excluding private activity bonds), issued and to be issued by the Local Agency (and all subordinate entities of the Local Agency) during calendar year 1993, including the Note, is not reasonably expected to exceed \$5,000,000, or (b) The Local Agency will take all legally permissible steps necessary to ensure that all of the gross proceeds of the Note will be expended no later than the day that is six months after the date of issuance of the Note so as to satisfy the requirements of Section 148(4)(B) of the Internal Revenue Code of 1986.

5. I have reviewed the Preliminary Official Statement accompanying this Pricing Confirmation Supplement and, on behalf of the Local Agency, the information contained therein relating to the Local Agency does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

6. The Trustee or Paying Agent, as applicable, is hereby authorized to fill in any blank spaces contained in the Local Agency's Note, in conformity with Section 9 of the Resolution and this Pricing Confirmation Supplement.

7. I have read the Credit Agreement, if applicable, and the Reserve Credit Agreement, if applicable, accompanying this Pricing Confirmation Supplement and approve all terms thereof and any changes made to the forms approved pursuant to Section 5 of the Resolution. The Local Agency acknowledges that the Authority is authorized to execute the Credit Agreement and, if applicable, the Reserve Credit Agreement.

8. I have read the Indenture, if applicable, accompanying this Pricing Confirmation Supplement and approve all terms thereof and any changes made to the form approved pursuant to Section 5 of the Resolution. The Local Agency acknowledges that the Authority is authorized to execute the Indenture, to assign the Note to the Trustee under the Indenture and to issue the Series of Bonds pursuant to the Indenture. If the Credit Agreement is the Reserve Indenture, the Local Agency acknowledges that the Authority is further authorized to issue the series of Reserve Bonds pursuant to the Reserve Indenture.

9. The following officers of the Local Agency hold their respective offices as of this date and will hold their respective offices as of July \_\_, 1993:

[List signatories to Resolution's Secretary's  
Certificate, Note (if applicable), Purchase  
Agreement, and Local Agency Closing Certificate]

(If any of the foregoing individuals no longer holds his/her respective office, please cross out the name of such person and print above it the name of the person succeeding to that office.)

Agreed and accepted to on the Purchase Date set forth above.

\_\_\_\_\_  
[B]

By \_\_\_\_\_  
Title: \_\_\_\_\_

CITY OF LODI

E

TRAN 1993-94 Earnings (estimated)

Interest Earnings (4% on principal of \$4 million)		\$160,000
Expense		
Interest (2%)	(80,000)	
Cost of Issuance	(14,600)	
Total Expense		<u>(94,600)</u>
City Revenue		<u><u>\$65,400</u></u>

**CITY OF LODI****General Fund – Cash Flow**

	<b>Beginning Balance</b>	<b>Revenues</b>	<b>Expenditures</b>	<b>Excess (Deficiency)</b>	<b>Ending Balance</b>
<b>RECEIPTS</b>					
July	43,532	1,759,399	(2,254,936)	(495,537)	(452,005)
August	(452,005)	2,161,197	(2,218,542)	(57,345)	(509,350)
September	(509,350)	1,744,581	(2,109,120)	(364,539)	(873,889)
October	(873,889)	2,135,158	(2,213,274)	(78,116)	(952,005)
November	(952,005)	1,796,658	(2,708,006)	(911,348)	(1,863,353)
December	(1,863,353)	3,671,431	(2,161,197)	1,510,234	(353,119)
January	(353,119)	2,131,902	(2,001,710)	130,192	(222,927)
February	(222,927)	1,744,581	(2,051,775)	(307,194)	(530,121)
March	(530,121)	1,510,234	(2,187,235)	(677,001)	(1,207,122)
April	(1,207,122)	1,614,388	(1,718,542)	(104,154)	(1,311,276)
May	(1,311,276)	2,704,749	(2,288,133)	416,616	(894,660)
June	(894,660)	3,064,237	(2,126,045)	938,192	43,532
12 Month Totals	43,532	26,038,515	(26,038,515)	0	43,532

# City of Lodi

rdm-003

## Revenue Projections – General Fund

	1991-92	1992-93	May 9, 1993	
			1993-94	
	Actual	Revised Projections	Estimate	Variance
<b>Tax Revenues</b>	14,943,460	15,190,785	15,542,000	351,215
<b>Licenses and Permits</b>	325,557	195,160	195,200	40
<b>Fines and Forfeitures</b>	193,479	138,980	135,400	(3,580)
<b>Investment/Property Revenues</b>	631,599	341,930	273,600	(68,330)
<b>Revenue from Others</b>	2,184,772	2,161,468	2,053,700	(107,768)
<b>Service Charges/Government Funds</b>				
Community Development Fees	129,995	74,785	74,800	15
Public Works Engineering Fees	69,645	126,670	166,900	40,230
Public Safety Fees	5,458	5,815	5,800	(15)
Park and Recreation Fees	576,802	479,225	493,300	14,075
Utility Billing Fees	3,429,134	4,208,599	5,664,000	1,455,401
Administrative Fees	73,444	66,400	64,000	(2,400)
<i>Total Service Charges – Governmental</i>	4,284,478	4,961,494	6,468,800	1,507,306
<b>Other Revenues</b>	1,098,766	970,520	55,000	(915,520)
<b>FUND TRANSFERS</b>	1,700,000	1,800,000	1,314,800	(485,200)
<b>REVENUE TOTAL</b>	25,362,111	25,760,337	26,038,500	278,163



# City of Lodi

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## Revenue Projections – General Fund

	May 9, 1993			
	1991-92	1992-93	1993-94	
	Actual	Revised Projections	Estimate	Variance
<b>TAX REVENUES</b>				
Property Tax	4,952,505	4,960,750	5,155,200	194,450
Sales & Use Tax	4,909,339	5,044,000	5,180,000	136,000
Transit Lodging Tax	200,317	235,575	240,200	4,625
Franchise Tax	530,765	520,270	535,600	15,330
In-Lieu Franchise Tax	4,177,000	4,281,000	4,281,000	0
Business Tax	94,692	94,000	94,000	0
Real Property Transfer Tax	78,842	55,190	56,000	810
<b>Total Tax Revenue</b>	<b>14,943,460</b>	<b>15,190,785</b>	<b>15,542,000</b>	<b>351,215</b>
<b>LICENSES AND PERMITS</b>				
Animal Licenses	8,067	8,500	8,500	0
Bicycle Licenses	6,880	2,500	2,500	0
Alarm Permits	925	2,100	2,100	0
Building Permits	209,756	113,320	113,400	80
Electric Permits	40,058	19,835	19,800	(35)
Mechanical Permits (Gas)	17,540	8,585	8,600	15
Plumbing Permits	18,249	9,090	9,100	10
Parking Permits	24,082	31,230	31,200	(30)
<b>Total Licenses and Permits</b>	<b>325,557</b>	<b>195,160</b>	<b>195,200</b>	<b>40</b>
<b>FINES AND FORFEITURES</b>				
Vehicle Code Fines	108,757	70,435	70,500	65
Court Fines	47,544	2,810	2,900	90
False Alarm	1,955	0		0
Parking Fines	35,223	65,735	62,000	(3,735)
<b>Total Fines and Forfeitures</b>	<b>193,479</b>	<b>138,980</b>	<b>135,400</b>	<b>(3,580)</b>
<b>INVESTMENT/PROPERTY REVENUES</b>				
Investment Earnings	537,768	248,560	187,800	(60,700)
Sale of City Property	8,696	28,205	20,000	(8,205)
Rent of City Property	85,135	65,225	65,800	575
<b>Total Investment and Property Revenues</b>	<b>631,599</b>	<b>341,930</b>	<b>273,600</b>	<b>(68,330)</b>
<b>REVENUE FROM OTHERS</b>				
Motor Vehicle In-Lieu Tax	1,799,174	1,820,437	1,785,600	(34,837)
State Cigarette Tax	43,027			0
Other Grants & Subventions	57,520	54,770	48,000	(6,770)
Police Training (POST)	71,582	65,700	66,000	300
Cracnet & Drug Suppression Grants	140,320	96,440	50,000	(46,440)
Sobriety Grant	2,745	1,889		(1,889)
Truancy Reimbursement	8,390	19,245		(19,245)
State Hiway Maintenance	5,101	5,015	5,100	85
Traffic Safety Grant	0	1,776		(1,776)
Parks and Recreation Grants/Allotments	17,409	14,798	14,000	(798)
State Mandates SB 90	39,504	81,398	85,000	3,602
<b>Total from Other Agencies and Grants</b>	<b>2,184,772</b>	<b>2,161,468</b>	<b>2,053,700</b>	<b>(107,768)</b>

# City of Lodi

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## Revenue Projections – General Fund

May 9, 1993

	1991-92	1992-93	1993-94	
	Actual	Revised Projections	Estimate	Variance
<b>SERVICE CHARGES/GOVT FUNDS</b>				
<b>Community Development Fees</b>				
Plan Check Fees	121,117	70,515	70,500	(15)
Planning Fees	8,878	4,270	4,300	30
<b>Public Works Engineering Fees</b>				
Engineering Fees	65,130	119,800	78,000	(41,800)
Special Inspections	4,515	3,000	3,000	0
Plans & Specs	0	3,870	3,900	30
Engineering Inspections	0	0	82,000	82,000
<b>Public Safety Fees</b>				
Police Department Services – Other	2,382	2,400	2,400	0
Animal Shelter Fees	3,076	3,415	3,400	(15)
<b>Park and Recreation Fees</b>				
Adult Sports	83,222	89,515	84,000	(5,515)
Playground/Recreation Sports	10,678	14,485	14,500	15
Swimming – HSS	31,478	34,840	35,000	160
Rents – HSS	40,525	53,790	53,800	10
Aquatics	52,000	58,375	58,000	(375)
Concessions	20,442	18,700	19,000	300
Other Recreation	197,610	81,470	82,000	530
Camp Hutchins	100,217	70,800	65,000	(5,800)
Other Park Fees	0	2,000	2,000	0
Park Maintenance – LUSD	40,630	55,250	80,000	24,750
<b>Utility Billing Fees</b>				
Late Payment – Utility Billing	0	124,440	216,000	91,560
Utility Connections	9,339	21,560	21,600	40
Refuse Collections	3,419,795	4,062,599	5,426,400	1,363,801
<b>Administrative Fees</b>				
Photocopy Charges	9,701	10,510	10,500	(10)
Returned Check Charge	5,641	6,775	6,500	(275)
Other Service Charges	58,102	49,115	47,000	
<b>Total Service Charges – Governmental</b>	<b>4,284,478</b>	<b>4,961,494</b>	<b>6,468,800</b>	<b>1,507,306</b>
<b>OTHER REVENUES</b>				
PERS Refund	1,027,771	887,700		(887,700)
Damage to Property	28,815	10,700		(10,700)
Donations	1,050	1,820		(1,820)
Revenues NOC	41,130	70,300	55,000	(15,300)
<b>Total Other Revenues</b>	<b>1,098,766</b>	<b>970,520</b>	<b>55,000</b>	<b>(915,520)</b>
<b>FUND TRANSFERS</b>	<b>1,700,000</b>	<b>1,800,000</b>	<b>1,314,800</b>	<b>(485,200)</b>
<b>REVENUE TOTAL</b>	<b>25,362,111</b>	<b>25,760,337</b>	<b>26,038,500</b>	<b>278,163</b>